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STEVENSON'S INTRODUCTORY BOOKKEEPING.

SECOND EDITION.

J. S. PARKS, TOPEKA.



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STEVENSON'S
INTRODUCTORY
BOOKKEEPING.

A
TEXT-BOOK ON ACCOUNTING,

FOR

PUBLIC SCHOOLS, ACADEMIES, NORMAL SCHOOLS, AND TEACHERS' INSTITUTES.

BY
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SECOND EDITION.

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PREFACE.

THIS book is the result of years of teaching, and is fresh from the class-room. It is based upon the idea that the student should be taught to be a thinking, acting being, rather than an automaton, performing certain processes by rule. As a branch of mathematics, bookkeeping should train the reasoning powers, and be productive of acuteness, method, accuracy, and speed. As a department of political economy, bookkeeping should direct the thought of the pupil to those great human activities in trade, commerce and accumulation which are such important elements in the happiness and well-being of the world.

Mathematics is generally regarded as an abstruse and theoretical subject, yet it is applied in all the business activities of life. Too often men of high scholastic attainments discover that they lack the first principles of business success. They have given no attention to business customs and usages, and are helpless in their business affairs. Bookkeeping combines much of business usage with the application of mathematical principles, and gives an opportunity to the teacher to shape to a very great extent the future business tendencies of the student. No one in any walk of life can afford to be without a record of his business dealings. Books to a business are as necessary as chart and compass to a sailor. He who does without a systematic set of books is unwise, and the day will probably come when he will regret most bitterly his lack of foresight and business prudence.

The author believes that a study of business principles is a moral training, as great if not greater than much which is popularly so considered. Right relations between individuals lead to true moral insight and right moral dispositions. It is a deplorable fact that it is easier to find teachers for the young and preachers for the people than to find men who, in financial matters, are reliable and trustworthy. Practical honesty is too rare a virtue, and the worst of it is that the classes who stand highest in the public esteem as exemplars of the moral virtues are often the most lax and uncertain in their ideas of duty to their fellow men in matters of dollars and cents, and too often it is very hard to get them to pay their current bills, and harder yet to arouse a sense of responsibility for their older debts. Too many people called good, and who really are good in many respects, have a way of unconsciously regarding borrowed money or goods purchased on credit as a distinct gain instead of the basis of a solemn obligation. The teacher of bookkeeping has an opportunity to teach honesty without the students knowing it, for he who is systematic, accurate and prompt is quite likely to be industrious, and the industrious are seldom dishonest.

Most American boys begin and end life by spending their earnings as they go. Our boys, when placed side by side with the German, the Jew and other immigrant boys, are too often pushed to one side in the struggle. Hence foreigners pronounce us a spendthrift nation, and the evidence seems to support their assertion. It is fully time now that the schoolboy should be taught and made to understand that it is not what a man earns, but what he saves, that will raise him to a competency. Teach a boy to practice economy in his youth, and you do more than all the lecturers who condemn the vices of intemperance, or who simply talk for thrift, restraint, reform, and correct

living. The keeping of a systematic set of books by a youth, the same being open to inspection by parents and teachers, would lead to self-restraint in very many ways, and inculcate habits of the greatest value.

This book endeavors to combine theory and practice, and the student is led by degrees to understand and appreciate the shortest methods. The student is given much help at first, but is gradually led to rely upon himself, and the work is made more and more difficult as his strength increases.

It is the hope of the author that success may attend the use of the book in the schoolroom, and that the principles learned may stimulate the students during a long life to the practice of the virtues of accuracy, promptness, industry, thrift, practical honesty, and business sense.

W. C. S.

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TO THE TEACHER.

YOUR attention is called to the following points, that you may the better understand the plan of this text and be able to teach it to the greatest advantage:

1. The book is not divided into lessons, with a definite amount of work prescribed for each day. It is better to set the time which the pupils shall work on the subject daily, and thus, by skilfully holding back the very rapid workers and awakening the ambition of the plodders, a general average can be obtained which will enable your class to do the greatest possible amount of work in a given time.

2. The "Teacher's Reference Book" contains all of the sets worked out for your benefit. The teacher of bookkeeping cannot do this work without much unnecessary labor. It would be well to tell the pupils that you have such a book, and why it is necessary to you, and why it is not best for them to have one.

3. Upon the thoroughness of your drill on the eight principles depends your success and that of your class. Insist on the *why*, and avoid the too common method of learning the *how* only.

4. The discontinuance of red ink, while not insisted upon, is strongly advised. Progressive bookkeepers everywhere are discarding red ink altogether, as they did the filling out of the explanation columns of the Ledger years ago. A question regarding any item in the Ledger will necessitate a turning back to the original entry. Red ink is only of advantage in being more easily seen, which object is gained as effectually by a change in the style of writing, and without a loss of time.

5. This is an introductory bookkeeping, and hence does not contain everything. Teachers should own several other texts and a book on commercial law.

6. By making a collection of actual business forms and keeping them in a school scrap-book, the interest and value of the work in bookkeeping will be greatly enhanced.

7. Original sets by the students, which are first worked out by themselves and then given to other students for the same purpose, with a final comparison of results, will stimulate the dullest class to activity and enthusiasm.

8. The drill on the principles of debit and credit can be from Journal to Day Book as well as from Day Book to Journal. The teacher makes a journal entry at random, being sure to have the debits and credits equal, and the student then writes out the day-book entry and explains it by reference to the eight principles.

9. The blank books to be used in connection with this text were prepared especially for that purpose, and on the covers will be found directions to the students that will very much help the teacher to get uniformity in the work.

10. It is possible that a few errors have crept into the first edition. Teachers will confer a favor by writing the author regarding anything that will add to the usefulness of the book.

11. Teachers are urged to make this study practical—not formal, routine, book work. Look about and find the lack of business methods, system, and punctuality, and the prevalence of useless money-spending as well as time-wasting. Let the effect of your teaching of bookkeeping reach the homes and lives of your pupils.

TO THE STUDENT.

THE following directions may be of use to you if you choose to make them so. Some people get their knowledge from experience and some are wise enough to profit by the experience of others.

1. Do nothing carelessly or hurriedly.
2. Be very particular regarding the details—the little things.
3. Do not trust to memory what should be in writing.
4. Put in writing all directions and facts for future reference. A pocket memorandum is the best friend of the mind.

5. Be frank with all, yet keep your plans and views largely to yourself. You were given two eyes, two ears and one tongue that you might see and hear twice as much as you say.

6. Have a place for everything and everything in its place—not a place for everything and everything in it.

7. Have stated times in which to do particular things.

8. Consider an error once made, a mistake, but made the second time, a sin.

9. Do not postpone until to-morrow what can as well be done to-day.

10. Consider a correction, suggestion of error, or even a reprimand from a superior, to be a personal compliment to your ability to improve.

11. When working on the books frequently turn back and reread these special points, which will save your teacher much work and warn you of the dangerous places in your pathway.

(a) Good figures are absolutely necessary to good bookkeeping. You can afford to work for two days on the ten figures, and longer if necessary. They must be made rapidly and with a free, elastic movement. Call on the principal bookkeeper in your town, examine his books, and have him make you some figures.

(b) Your writing must be rapid, plain, and easily written.

(c) In ruling, hold the ruler so that it will not blot the paper when the line is drawn.

(d) Observe uniformity in ruling—lines opposite on sides of Ledger, opposite on pages of Cash Book, and at same places on Journal pages.

(e) Lead-pencil footings, small, and light, precede all ink totals.

(f) Go over every computation twice before making the permanent record. Hasten slowly at first.

(g) Consult your teacher only when you are lost and have made a strong effort to find yourself.

(h) Be ambitious to make your books the neatest, most business like, and most accurate set in the school.

PREPARATORY DEFINITIONS.

1. Bookkeeping is recording the facts of a business. It should be systematic, brief, complete, and easily interpreted.

2. There are two kinds of bookkeeping in general use, Double and Single Entry. Single Entry is simply a contraction of Double Entry. In Double Entry, accounts are kept with Persons, Property, and Causes, while in Single Entry accounts are kept with Persons only.

3. Money is a measure of value. Governments have provided it for ages to enable the people to make exchanges of values. In bookkeeping, everything recorded is reduced to the money measure of dollars and cents.

4. Debtor is the term applied to a Person who owes, or to Property or Cause which has cost value.

5. Debit is the act of showing the condition of being Debtor, or is a recorded item of debt.

6. Creditor is the term applied to a Person who is owed, or to a Property or Causal account which has produced value.

7. An Account is a grouping of debits and credits of the same kind under their common head.

8. A Resource is anything of value in one's possession, or amounts due from others.

9. A Liability is what one owes, whether on account or in the form of a written promise to pay.

10. A Loss is the excess of the cost over the selling price, or a decrease in value.

11. A Gain is the excess of the selling price over the cost, or an increase in value.

12. The books used in the simplest form of Double Entry bookkeeping are called Day Book, Journal, and Ledger. Books are often divided into two classes, Principal and Auxiliary. Principal books are the Ledger and any other books from which posting is done. Almost any book may be a principal book. The posting is sometimes done from Check Book stub, Bill Book, Receipt Book stub, and Order Book, although usually from Itemized Journal, Cash Book, Sales Book, or Invoice Book. Auxiliary books are those used for reference merely, and not posted from, as the Bills Payable Book, Bills Receivable Book, Order Book, Receipt Book, Check Book, Bank Pass Book, etc. Books are sometimes divided into Books of Original Entry and Books of Subsequent Entry. The book of original entry is taken as the best evidence in a court of law. The slip of paper on which a clerk in one of our modern stores writes the facts of a purchase, is really the book of original entry. In some stores the clerks are provided with books called Blotters or Scratchers in which to make their entries, and from which the bookkeeper at stated intervals writes up the main books of the business.

13. The Day Book is the book of original entry, and contains a statement of each business transaction in detail.

14. The Journal contains the debits and credits found in each transaction in the Day Book, arranged in convenient form for transferring to the Ledger. Determining the debits and credits and placing the same in the Journal is called *Journalizing*. The left column contains debit items and the right column items of credit.

15. The Ledger contains the accounts, which consist of a collection of the debits and credits of the same name grouped under their common head. The left side of each account is the debit,

the right side the credit. Posting is the process of carrying the debits and credits from the Journal to the various accounts in the Ledger. The Ledger is "closed" when the accounts are balanced or made to show their true condition in the simplest form. This may be done at any time, depending upon the business and its requirements.

16. Personal accounts are a grouping of the debits and credits relating to persons. John Smith's account is a grouping of John Smith's debits and credits from the point of view of the person keeping the account.

17. Property accounts are a grouping of the debits and credits relating to Property.

18. Causal accounts are a grouping of the debits and credits relating to abstract causes of receipts and expenditures, such as Interest, Discount, Charity, Exchange, Expense, Church, etc.

NOTE.—For complete definitions of business terms, see "Business Terms Defined."

CLASSES OF ACCOUNTS AND RESULTS SHOWN BY THEM.

Accounts may be grouped into three classes with respect to kind, viz.: Personal, Property and Causal accounts.

All accounts show one or two of the following-named results: Resource, Liability, Loss, Gain.

ACCOUNTS.	{	<i>Kinds.</i>	{	1. Personal.—Usually show Resource or Liability, but may show Loss or Gain.
				2. Property.—Usually show Resource and Loss or Gain.
				3. Causal.—Usually show Loss or Gain, but may show Resource or Liability.
		<i>Results.</i>	{	1. Resource.—Shown in Personal, Property or Causal accounts.
				2. Liability.—Shown in Personal or Causal accounts.
				3. Loss.—Shown in Personal, Property or Causal accounts.
				4. Gain.—Shown in Personal, Property or Causal accounts.
		<i>Names.</i>	{	1. Personal.—John Smith, or any other person.
				2. Property.—Mdse., which is a general term used to include many and various articles of trade; Cash, representing money or equivalents of money; Bills Receivable, representing notes of other people in our possession; Bills Payable, our written promises to pay; Pencils, a division of Mdse. account, and representing a particular kind of property; Books, representing a division of Mdse.; No. 1017 Mechanics St.; Sunny Slope Farm; Branch Store, Merchants St.; Railroad Stock; Bull Hill Mining Shares; Electric Street-Railway Shares; Shipment No. 25; Risk Wheat Option, K. C.; Venture, R. Est., Wichita; Consignment No. 4; Orchard; Strawberry Patch No. 2; Apiary; Confectionery; Groceries, etc., etc.
				3. Causal.—Interest, representing the cause for the payment or receipt of value; Expense, representing all outlays from which no direct return is expected; Luxury, a division of Expense, and denoting a particular kind of Expense; Work, representing the cause for certain receipts or expenditures; Sunday-School, a division of Expense account, and showing a particular kind of Expense; Discount, showing the cause of allowances made to or by us; Labor; Wages; Good Will; Salary; Clothing, when bought for personal use and not as an investment; Board; Room; Transportation; Tobacco; Confectionery; Groceries, etc., etc.

THE EIGHT PRINCIPLES OF DEBIT AND CREDIT.

These may be memorized, but it is much better for the student to develop them as follows, using his reasoning faculties rather than his memory:

If a debtor is one who owes, and debit is the act of showing the condition of being in debt, then,

1.—Debit persons when they get into our debt.

This being true, and all relations being expressed in debits or credits, then,

2.—Credit persons when they get out of our debt.

If this is true, then,

3.—Debit persons when we get out of their debt.

If this is true, then it follows that we

4.—Credit persons when we get into their debt.

If we get into a person's debt for property bought of him, the property has gotten into our debt for the same amount; hence,

5.—Debit property, when purchased, with its cost.

If the property is considered as getting into our debt when bought, then when sold it gets out of our debt for what it produces; hence,

6.—Credit property, when disposed of, with its selling price.

If property is credited when disposed of, and the reason for its disposal is not an exchange for other property, nor a loan to a person, nor a payment to a person for a debt owed, but as an allowance for a cause, then the Cause should be debited, as it is debtor to the business; hence,

7.—Debit causes when they cost us value.

And it follows as a necessity that we must

8.—Credit causes when they produce value.

NOTE.—It is not only useless to attempt to reduce these principles to one or two embodying them all, but is confusing to the student as well. These principles are within the comprehension of any one, and if well learned by a process of development, the student will never be troubled in journalizing any transaction.

Notice the following development of the eight principles, and in what respect it differs from the other:

The general law of Double Entry is, that every debit has its corresponding credit. As all relations are expressed in debits or credits, opposite relations or conditions demand opposite treatment.

By definition, a debtor is one who owes, and, by definition, debit is the act of showing the condition of being debtor; hence—

1. DEBIT PERSONS WHEN THEY GET INTO OUR DEBT;

and it follows that we must

2. CREDIT PERSONS WHEN THEY GET OUT OF OUR DEBT;

and hence it is necessary to

3. DEBIT PERSONS WHEN WE GET OUT OF THEIR DEBT;

and of necessity we must

4. CREDIT PERSONS WHEN WE GET INTO THEIR DEBT;

And as every debit has its credit, when we buy property on account, as we are required to credit the person by No. 4, it is necessary to debit the property; hence,

5. DEBIT PROPERTY WHEN RECEIVED;

and it follows that we

6. CREDIT PROPERTY WHEN DISPOSED OF;

and if we dispose of the property for a cause, abstract or otherwise (and in every transaction the debits and credits must be equal), it is plain to see that we must

7. DEBIT CAUSES WHEN COSTING VALUE;

and it follows that we must

8. CREDIT CAUSES WHEN THEY PRODUCE VALUE.

By applying the principles of debit and credit to a number of transactions, it will be seen that the debit is always accompanied by a credit; hence, *the fundamental principle of double-entry bookkeeping.*

In every transaction the debits and credits are equal.

Every Journal entry will be in one of the following forms:

1.—One debit and one credit; as,

Cash,		560	40		560	40
John Smith,						

2.—One debit and two or more credits; as,

Cash,		754	25		750	
Bills Receivable,						
Interest,					4	25

3.—Two or more debits and one credit; as,

Bills Payable,		300				
Interest,		1	54			
Cash,					301	54

4.—Two or more debits and two or more credits; as,

Mdse.,		600				
Real Estate,		400				
Bills Payable,					700	
Peter Cooper,					300	

NOTE.—In reading No. 1, the student will say, "Cash debtor to John Smith \$560.40," which is the book-keeper's way of saying that Cash is debited and John Smith credited. No. 2 will be read, "Cash debtor, \$754.25, to Bills Receivable, \$750, and Interest, \$4.25."

QUESTIONS.

1. Define Bookkeeping. 2. What are the essentials of good bookkeeping? 3. Name the two systems of bookkeeping, and explain one difference between them. 4. Define the term Debtor. 5. Define Debit. 6. Define the term Creditor. 7. Define Credit. 8. What is an Account? 9. Define Resource. 10. Define Liability. 11. Define Loss. 12. Define Gain. 13. Explain the purpose of the Day Book, Journal, and Ledger. 14. How many classes of accounts are there? 15. All accounts show one or more of what four results? 16. What results are usually shown by Personal accounts? 17. What results may be shown by Personal accounts? Name six Personal accounts. 18. What results are usually shown by Property accounts? Name twenty-five Property accounts. 19. What results are usually shown by Causal accounts? 20. What results may be shown by Causal accounts? Name twelve Causal accounts. 21. Show why Principle No. 1 of the Principles for Debit and Credit is true. 22. From Principle No. 1 develop the other three principles for the debiting and crediting of persons. 23. Starting with Principle No. 1, prove No. 4, and from No. 4 prove No. 3, and from No. 3 prove No. 2. 24. Prove Principle No. 5, by showing its relation to No. 2. 25. Prove Principle No. 6, by showing its relation to Principle 3. 26. Prove Principle 7, by showing its relation to No. 6. 27. Prove Principle 8, by showing its relation to Principle 5. 28. Journal entries may take how many forms? 29. What is the Fundamental Principle of Double-Entry bookkeeping? 30. Under what two conditions would you debit John Brown? 31. Under what two conditions would John Brown debit you? 32. How may property be acquired? 33. Give a number of ways of disposing of property. 34. Exchanged 4 yds. calico for 4 bu. potatoes. What are the debit and credit amounts? 35. Why is it necessary to reduce all facts of business to a money measure before recording? 36. To what two classes of accounts with respect to results may clothing account belong? Explain the difference. 37. Tobacco account, for an ordinary user, will show how much loss in a year? Ten years?



SET A¹.

MODEL SET.

BOOKS USED:

Day Book, Journal, Ledger, and Statement Blanks.

PURPOSE.—(1) To illustrate use of various books. (2) The application of the Principles for Debits and Credits. (3) To call attention to the possibility of habits of thrift and economy, which may lead to a competence and to financial independence.

Seest thou a man diligent in his business? He shall stand before kings;
he shall not stand before mean men.—*Proverbs.*

MEMORANDA.

- Jan. 1, 189..... Student began to keep books. His father loaned him \$50 in cash. He bought for cash a Day Book, Journal, and Ledger, paying \$1.50.
- Jan. 2. Bought for cash, apples, 10 cts.; candy, 5 cts.; gum, 5 cts.
(Keep a Luxury account.)
- Jan. 3. Loaned John Smith \$5.
- Jan. 4. Bought books for school use, \$4.
(Keep a Book account.)
- Jan. 5. Bought for cash a gross box of lead-pencils for \$2, of the manufacturers.
(Keep a Pencil account.)
- Jan. 6. Sold 12 lead-pencils for 5 cts. each.
- Jan. 8. Received of John Smith \$3 on account.
- Jan. 9. Sold 40 lead-pencils at 4 cts. each.
- Jan. 10. Found on street 25 cts. in silver.
- Jan. 11. Received of John Smith \$1 on account.
- Jan. 12. Sold for cash, 40 lead-pencils at 4 cts., and 20 lead-pencils at 7 cts.
- Jan. 13. Received \$4 cash from Mr. Long for work at various times.
(Keep a Work account.)
- Jan. 14. Gave to Sunday-School, 25 cts.
- Jan. 15. Bought for cash a ticket to a concert, \$1.
(Debit Luxury.)
- Jan. 16. Dropped a 50-cent piece in a crowd, and was unable to find it.
- Jan. 17. Caught Mr. Kindman's runaway horse, and received from him for the service \$5 in gold.
- Jan. 18. Sold Willie Wise, on his note at 10 days, 26 lead-pencils at $3\frac{1}{2}$ cents.
- Jan. 19. Paid Father \$40 on account.
- Jan. 20. Received \$12 cash of Mr. Long for work in his store after school hours.
- Jan. 21. Gave to Sunday-School, 20 cts.
- Jan. 22. Bought on account 10 volumes Shakespeare of Ginn & Co., at \$1 per volume.
- Jan. 23. Sold John Smith for cash one volume Shakespeare at \$2.
- Jan. 24. Sold for cash 8 volumes Shakespeare at \$2.
- Jan. 25. Paid Ginn & Co., in full of account, \$10 in cash.
- Jan. 26. Paid Father on account, \$8, cash.
- Jan. 27. Paid doctor bill by cash, \$4.
- Jan. 28. Gave to Sunday-School, 5 cts.
- Jan. 31. Received cash of Willie Wise for his note due to-day, \$0.91.

INVENTORIES.—The Books on hand are worth \$3. The Pencils on hand are worth 30 cts.

INVENTORIES.

An inventory is usually defined as "an estimate of the value of any kind of property"; hence inventories are usually resources. The term is sometimes made to include liabilities by considering the word *inventory* to be synonymous with *estimate*. Under such a definition, Rent account would show a *liability inventory* for the rent which is due and unpaid. This, however, is something like "crossing the bridge before reaching it," or "counting one's chickens before they are hatched." It is not customary in business, except at the formation of a partnership, when interest is due and unpaid on notes on hand or outstanding, or in the settlement of an estate, where the deceased has left unpaid interest, rent or other items belonging to Causal accounts. Inventories are usually estimated at cost price, but circumstances sometimes make it necessary to estimate them at present buying price, present selling price, or any estimate that may be placed upon them.

STEPS TO BE TAKEN IN WRITING SET A¹.

These steps must be taken in order. As this set is worked out as a model, the student may copy it, observing the order of the steps taken. Number the pages in all books, and notice that your check pages are not the same as those in the text-book.

1. WRITE THE DAY BOOK, noticing form and arrangement.

2. JOURNALIZE, checking the transaction in Day Book immediately after placing its debits and credits in the Journal. The check-mark may be either ✓ or the page on which the transaction was journalized.

3. RULE AND FOOT JOURNAL. Foot columns first in lead-pencil, and if they balance, put down in ink. When the page is full, carry footings of both columns to the top of the next page. When through with the journalizing, close by a double line.

4. POST. Open the accounts in the Ledger in the order of their appearance in the Journal, giving Cash 18 lines, Father 5 lines, Expense 5 lines, Luxury 5 lines, John Smith 5 lines, Books 5 lines, Pencils 7 lines, Loss & Gain 8 lines, Work 5 lines, Sunday-School 6 lines, Bills Receivable 5 lines, Ginn & Co. 5 lines. It is well to enter the names of accounts and pages in the Ledger Index at the time of opening accounts in Ledger. The Ledger Index is on blank pages preceding the Ledger proper.

(Note.—Directions as to number of lines required for future sets will be found on cover of Ledger.)

After carrying a debit or credit from the Journal to the Ledger check the item in the Journal, using the page of the Ledger to which it was carried, and at the left of the item in the Ledger place the number of the page in the Journal from which the item came. As the Journal and Led-

ger are both open when posting, and the Journal on the writer's left, it is easiest to place the page-check on a slant, as illustrated in the model Journal, page 17. (This illustration cannot be given in the type edition of this book.)

5. TAKE LEAD-PENCIL FOOTINGS OF ACCOUNTS IN LEDGER. These footings should be very small and light, and immediately following the last item on both sides of the account.

6. TAKE A TRIAL BALANCE OF FOOTINGS AND DIFFERENCES. Accounts that balance may be omitted from the Trial Balance.

7. ENTER INVENTORIES AND CLOSE ACCOUNTS SHOWING LOSSES OR GAINS. Under this head close into Loss & Gain account the following-named accounts, which show losses or gains: Expense, Luxury, Books, Pencils, Work, Sunday-School. The inventory, which is the estimated value of property on hand, is entered in backhand writing or red ink, on the credit side of the account to which it belongs. Then the difference between the sides is a loss or a gain, which is entered in backhand writing or red ink on the smaller side, which balances the account. Backhand or red-ink entries in a Ledger are always immediately transferred to the opposite side of the Ledger, somewhere, in black ink. The Inventory is brought below the double ruling on the debit side, as it is the amount on hand at the beginning of the new month or period. The loss or gain is carried to the opposite side of Loss & Gain account. In Property accounts having no inventories, the difference is either a loss or a gain.

8. CLOSE LOSS & GAIN ACCOUNT. Find the difference between the sides, and enter on smaller side in red ink or backhand as net gain or net loss. Then rule and foot the account. If there are two or more proprietors, the net gain of each should be entered. The net gain or net loss is carried to the opposite side of the proprietor's account, or the proprietors' accounts. The left side of Loss & Gain account shows the losses and the right side the gains.

9. MAKE A STATEMENT OF LOSSES AND GAINS. This may be done on loose paper, or placed in the Balance Sheet. It is simply a copy of Loss & Gain account.

10. CLOSE THE PROPRIETOR'S ACCOUNT, OR THE PROPRIETORS' ACCOUNTS. The difference between the two sides, after entering the net loss or net gain, is the Present Worth. Enter in backhand writing or red ink on the smaller side of the account. Rule and foot, and transfer below the double ruling on the opposite side of the account.

11. CLOSE ACCOUNTS REMAINING OPEN. (Optional.) The accounts remaining open are those showing resource or liability only. To close them, write the difference on the smaller side in backhand or red ink, with the explanation "Resource" or "Liability." Rule and foot the account, transferring the difference below the double ruling on the opposite side in black ink. As the effect of finding a balance on accounts showing resource and liability only is simply to take away equal amounts from both sides of the account, reducing its size, but not in any sense changing the result shown, many bookkeepers balance these accounts only when the footings become very large, in transferring from page to page, or when sides are equal. In the Model Set, the accounts are closed as an illustration of the way it may be done.

12. MAKE A STATEMENT OF RESOURCES AND LIABILITIES. This may be on loose paper or placed in the Balance Sheet.

13. TAKE LAST TRIAL BALANCE. This is a Trial Balance of the new faces of all the accounts in the Ledger. If all of the accounts have been closed, *i. e.*, balanced, then the Last Trial Balance will be the same as the Statement of Resources and Liabilities, and it is only necessary for the bookkeeper to compare the amounts brought below the double rulings with the amounts appearing in the Statement, and if they are the same a Last Trial Balance is unnecessary.

DAY BOOK.

..... (PLACE), STATE. JAN. 1, 189.....

	Student began to keep books.								
	Borrowed cash of Father on acct.	✓ 19						50	
	Paid cash for								
	Day Book, Journal, Ledger,	19						1	50
2	Paid cash,								
	Apples 10, Candy 5, Gum 5,	19							20
3	Loaned John Smith on acct.	19						5	
4	Bought for cash,								
	Books for school,	19						4	
5	Bought for cash,								
	1 gross lead-pencils,	19						2	
6	Sold for cash,								
	12 lead-pencils @ 5	19							60
8	Received cash of John Smith on account,	19						3	
9	Sold for cash,								
	40 pencils @ 4	19						1	60
10	Found on the street,	19							25
11	Received cash of John Smith on account,	19						1	
12	Sold for cash,								
	40 lead-pencils @ 4				1	60			
	20 " " @ 7	19			1	40		3	
13	Received cash of Mr. Long for work,	19				—		4	
14	Gave cash to Sunday-School,	19							25
15	Bought for cash,								
	1 ticket to concert,	19						1	
16	Lost cash on street,	19							50
17	Received cash for services to Mr. Kindman,	20						5	
18	Sold Willie Wise for his note at 10 ds.,								
	26 pencils @ 3½	20							91
19	Paid Father cash on acct.,	20							40

JAN. 20, 189.....

20	Received cash of Mr. Long for work,	20			12	
21	Gave cash to Sunday-School,	20				20
22	Bot. of Ginn & Co. on acct.,					
	10 volumes Shakespeare @ \$1	20			10	
23	Sold John Smith for cash,					
	1 volume Shakespeare @ \$2	20			2	
24	Sold for cash,					
	8 volumes Shakespeare @ \$2	20			16	
25	Paid Ginn & Co. cash in full of acct.	20			10	
26	Paid Father cash on acct.,	20			8	
27	Paid cash for doctor bill,	20			4	
28	Gave cash to Sunday-School,	20				05
31	Recd. cash of Willie Wise for his note,	20				91

JOURNAL.

.....(PLACE),STATE. JAN. 1, 189.....

	Cash,	21	50		
	Father,	21		50	
1	Expense,	21	1 50		
	Cash,	21		1	50
2	Luxury,	22	20		
	Cash,	21			20
3	John Smith,	22	5		
	Cash,	21		5	
4	Books,	22	4		
	Cash,	21		4	
5	Pencils,	22	2		
	Cash,	21		2	
6	Cash,	21	60		
	Pencils,	22			60
8	Cash,	21	3		
	John Smith,	22		3	
9	Cash,	21	1 60		
	Pencils,	22		1	60
10	Cash,	21	25		
	Loss and Gain,	23			25
11	Cash,	21	1		
	John Smith,	22		1	
12	Cash,	21	3		
	Pencils,	22		3	
13	Cash,	21	4		
	Work,	23		4	
14	Sunday-School,	23	25		
	Cash,	21			25
15	Luxury,	22	1		
	Cash,	21		1	
16	Loss and Gain,	23	50		
	Cash,	21			50
			77 90	77 90	

JAN. 17, 189.....

				77	90	77	90
17	Cash,		21	5			
		Loss and Gain,	23			5	
18	Bills Receivable,		23		91		
		Pencils,	22				91
19	Father,		21	40			
		Cash,	21			40	
20	Cash,		21	12			
		Work,	23			12	
21	Sunday-School,		23		20		
		Cash,	21				20
22	Books,		22	10			
		Ginn & Co.,	23			10	
23	Cash,		21	2			
		Books,	22			2	
24	Cash,		21	16			
		Books,	22			16	
25	Ginn & Co.,		23	10			
		Cash,	21			10	
26	Father,		21	8			
		Cash,	21			8	
27	Expense,		21	4			
		Cash,	21			4	
28	Sunday-School,		23		05		
		Cash,	21				05
31	Cash,		21		91		
		Bills Receivable,	23				91
				186	97	186	97
				186	97	186	97
Inventories:							
		Books,	22	3			
		Pencils,	22		30		

CASH.

189....					189....																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
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Jan.	19		20	40	Jan.	1		19	50
"	26		20	8					
"	31	Liability,		2					
				50					50
					Jan.	31	Liability,		2

[illegible]

LUXURY.

189....	
Jan.	2
"	15
<hr/>	

19	20	189....	
19	1	Jan.	31
	1		
	20		
<hr/>		<hr/>	

23	1	20
	1	20
<hr/>		<hr/>

JOHN SMITH.

Jan.	3	
<hr/>		
Jan.	31	Resource,

19	5	Jan.	8
		"	11
		"	31
	5		
	1		
<hr/>		<hr/>	

19	3
19	1
	1
	5
<hr/>	

BOOKS.

Jan.	4	
"	22	
"	31	Gain,
<hr/>		
Jan.	31	Inventory,

19	4	Jan.	23
20	10	"	24
23	7	"	31
	21		
	3		
<hr/>		<hr/>	

20	2
20	16
	3
	21
<hr/>	

PENCILS.

Jan.	5	
	31	Gain,
<hr/>		
Jan.	31	Inventory,

19	2	Jan.	6
23	4	"	9
		"	12
		"	18
		"	31
	6		
	41		
	30		
<hr/>		<hr/>	

19	60
19	1
19	3
20	91
	30
	6
	41
<hr/>	

LOSS AND GAIN.

189....					189....				
Jan.	16	Lost,	J 19	50	Jan.	10	Found,	J 19	25
"	31	Expense,	21	5 50	"	17	Gift,	J 20	5
"	31	Luxury,	22	1 20	"	31	Books,	22	7
"	31	Sunday-School,	23	50	"	31	Pencils,	22	4 41
"	31	<i>Student's Net Gain,</i>	23	⁷ ₂₄ 96	"	31	Work,	23	16
				32 66				⁸² ₃₂	⁶⁶ ₆₆

WORK.

Jan.	31	Gain,	23	16	Jan.	13		19	4
					"	20		20	12
				16					16

SUNDAY-SCHOOL.

Jan.	14		19	25	Jan.	31	Loss,	23	50
"	21		20	20					
"	28		20	05					50
				50					

BILLS RECEIVABLE.

Jan.	18		20	91	Jan.	31		20	91
------	----	--	----	----	------	----	--	----	----

GINN & CO.

Jan.	25		20	10	Jan.	22		20	10
------	----	--	----	----	------	----	--	----	----

STUDENT.

Jan.	31	Present Worth,		²⁴ ₂₄ 96	Jan.	31	Net Gain,	23	²⁴ ₂₄ 96
					Jan.	31	Present Worth,		²⁴ ₂₄ 96

NOTE.—The student has noticed the broad column between the date and check-mark columns of the Ledger. Long ago it was the custom to fill in these columns with the name of the corresponding account. For example, our first Journal entry was Cash Dr. and Father Cr. The old plan was to write "To Father" in the wide column on the debit side of cash account, and "By Cash" on the credit side of Father account. No modern bookkeeper or text-book on bookkeeping uses this cross-entry plan, and the wide column is now used for pencil figures, and the terms Resource, Liability, Loss, Gain, Balance, and Inventory. Some bookkeepers use the column for the date of maturity in Bills Receivable and Bills Payable accounts when they do not have a Bill Book.

TRIAL BALANCE OF FOOTINGS AND DIFFERENCES.

L.P.		Dr. Fts.		Cr. Fts.		Dr. Dfs.		Cr. Dfs.	
21	Cash,	99	36	76	70	22	66		
21	Father,	48		50				2	
21	Expense,	5	50			5	50		
22	Luxury,	1	20			1	20		
22	John Smith,	5		4		1			
22	Books,	14		18				4	
22	Pencils,	2		6	11			4	11
23	Loss and Gain,		50	5	25			4	75
23	Work,			16				16	
23	Sunday-School,		50				50		
23	Bills Receivable,		91		91				
23	Ginn & Co.,	10		10					
		186	97	186	97	30	86	30	86

STATEMENT OF RESOURCES AND LIABILITIES.

		Resources.		Liabilities.	
21	Cash,	22	66		
21	Father,			2	
22	John Smith,	1			
22	Books,	3			
22	Pencils,		30		
23	Student's Present Worth,			24	96
		26	96	26	96

STATEMENT OF LOSSES AND GAINS.

					<i>Losses.</i>		<i>Gains.</i>	
22	Books:							
		Sales,	18					
		Inventory,	3					
		Total,	21					
		Cost,	14					
		Gain,	7				7	
22	Pencils:							
		Sales,	6	11				
		Inventory,		30				
		Total,	6	41				
		Cost,	2					
		Gain,	4	41			4	41
21	Expense,				5	50		
22	Luxury,				1	20		
23	Loss and Gain:							
		Found,		25				
		Gift,	5					
		Total,	5	25				
		Lost,		50				
		Gain,	4	75			4	75
23	Work,						16	
23	Sunday-School,					50		
	<i>Net Gain,</i>				<i>24</i>	<i>96</i>		
					32	16	32	16

BALANCE SHEET, JANUARY 31, 189.....

ACCOUNTS.		FIRST TRIAL BALANCE.				FINANCIAL STATEMENT.				LAST TRIAL BALANCE.	
		<i>Dr. Fts.</i>	<i>Cr. Fts.</i>	<i>Dr. Difs.</i>	<i>Cr. Difs.</i>	<i>Losses.</i>	<i>Gains.</i>	<i>Resources.</i>	<i>Liabilities.</i>	<i>Dr. Faces.</i>	<i>Cr. Faces.</i>
21	Cash,	99 36	76 70	22 66				22 66		22 66	
21	Father,	48	50		2				2		2
21	Expense,	5 50		5 50		5 50					
22	Luxury,	1 20		1 20		1 20					
22	John Smith,	5	4	1				1		1	
22	Books,	14	18		4		7	3		3	
22	Pencils,	2	6 11		4 11		4 41	30			
23	Loss and Gain,	50	5 25		4 75		4 75				
23	Work,		16		16		16				
23	Sunday-School,	50		50		50					
23	Student,	176 06	176 06	30 86	30 86					26 96	24 96
	<i>Net Gain,</i>	176 06	176 06	30 86	30 86	24 96				26 96	26 96
	<i>Student's Present Worth,</i>						39 16		24 96		
						32 16	32 16		26 96		

QUESTIONS ON SET A¹.

1. Do the eight principles for debits and credits enable you to determine the results shown by the various accounts?
2. What are your Journal footings for January?
3. What are the footings of your Trial Balance?
4. Why are the footings of the Trial Balance of footings the same as the Journal footings?
5. Why does a Trial Balance balance?
6. If the Trial Balance should not balance, what errors would you look for?
7. What errors might exist and the Trial Balance balance?
8. Why not combine Luxury, Books, Pencils, Sunday-School, and Expense accounts?
9. Which side of the Luxury account will be the larger when it shows a loss?
10. What other names could you apply to Work account?
11. What is the difference between a spendthrift and a miser?
12. How many misers do you know? How many spendthrifts?
13. Is a boy or girl who keeps books regularly and systematically, submitting them to parents for approval, likely to be a spendthrift?
14. What will a saving of 10 cts. a day for 50 years compounded at 5% become? *Ans.* \$6,769.
15. What are the results shown by each of the accounts?
16. Name the personal accounts.
17. Name the property accounts.
18. Name the causal accounts.
19. What does a Balance Sheet contain?
20. Is it necessary to make the separate statements, and also a Balance Sheet?
21. What was Student worth January 1?
22. What was Student worth January 31?
23. What was his principal source of income?
24. How much have you paid for clothing during the past year? For board? For books? For things that you could have done without?
25. Make an estimate of the cost of a boy to his parents from his birth up to his 21st year; also, of a girl up to her 18th year.
26. How can these debts be paid?
27. How could the following-named accounts be kept? Promises; Resolutions; Vices; Friendships; Time; Recreation, etc., etc.
28. Name the subdivisions of these general heads.
29. Discuss inventories.
30. Define thrift.
31. Define economy.
32. Ask mother how much the family has paid for sugar during the past year? For tea? For coffee? For flour? For soap?
33. If the family has no record of expenses, ask your parents what they will pay you to keep a systematic record during the ensuing year. It may be valuable as well as interesting. A record of the cents is a record of sense—or the lack of it.

POSSIBLE ERRORS AND HOW TO CORRECT THEM.

Errors will occur. To know how to correct them is as important as to know how to avoid them.

A common error is to reverse the debit and credit in a transaction as entered in the Journal, as placing

Cash,	100	
Mdse.,		100

when the entry intended was

Mdse.,	100	
Cash,		100

If this error is discovered before the posting, it is best corrected by writing "Reverse" across the entry and posting to the opposite sides of the accounts, as

Cash,	100	
Mdse.,		100
	Reverse	

If the entry is found to be wrong *after* the posting is done, then the correction is made by a new Journal entry, as follows:

Mdse.,	200	
Cash,		200

In the wrong entry should be written, "Error; see Correction, p. —." In the correcting entry should be written, "Correction; see page —." Crediting Mdse. \$100 and then debiting it \$200 is equivalent to debiting it \$100.

The following entry should have been made:

Cash,	50	
Bills Receivable,	40	
Mdse.,		90

but by mistake was entered in the Journal as follows:

John Smith,	50	
Bills Payable,	40	
Mdse.,		90

If the error was discovered before posting, a little skillful scratching would set matters right, or the drawing of a line through the wrong entry and the substitution of the correct one would also suffice. However, if the posting is done, it is advisable to make a new Journal entry, as in the other illustration. It would be:

Cash,	50	
Bills Receivable,	40	
John Smith,		50
Bills Payable,		40

The explanatory reference should be made in original entry and correcting entry.

Correct by new entries:

1. Bills Receivable, To Cash \$600, was entered for Bills Payable, To Cash \$500.
2. Bills Payable \$200, Cash \$300, To Mdse. \$500, was entered for Cash \$500, To Bills Payable \$200, Mdse. \$300.
3. John Smith \$100, Cash \$300, To Bills Receivable \$400, was entered for John Brown \$100, Bills Receivable \$300, To Cash \$400.
4. Cash, To Mdse. \$800, was entered for Cash, To Mdse. \$850.
5. Cash, To Mdse. \$700, was entered for Cash, To Mdse. \$500.
6. Cash, To Bills Payable \$78, was entered for Cash, To Bills Payable \$87.

SET A².

MEMORANDA.

To be written like Set A¹.

Jan. 1. Willie Brown's father gave him a \$5 bill, to pay for his books and other expenses, necessary to begin school to-day.

NOTE.—This is a gift, and not a loan. Credit Willie Brown.

Jan. 2. Willie Brown bought books for school, paying \$2.50 in cash.

Jan. 3. Received for doing an errand, 10 cts.

Jan. 5. Bought of William La Bar a violin, for \$6, paying cash \$2, balance on account.

Jan. 6. Secured a position to assist in a store Saturdays and after school, at \$1.25 per week.

Jan. 8. Bought ticket to an entertainment, 10 cts. Received from Mr. Emerson 25 cts. for delivering a message.

Jan. 10. Bought for cash, nuts, 15 cts.; candy, 10 cts.

Jan. 11. Received for work before school, 30 cts.

Jan. 12. Paid picnic expenses, 20 cts.

Jan. 13. Received cash for first week's wages, \$1.25.

Jan. 15. Bought 25 fine marbles at 4 cts., \$1, paying cash.

Jan. 16. Sold 10 marbles at 6 cts., 60 cts.; received cash.

Jan. 18. Bought 20 copies of *Emporia Daily Republican* at 2 cts. each, and sold them at private houses at 5 cts.

Jan. 20. Received cash for one week's wages, \$1.25; received for 3 hours "overtime" work, 25 cts.

Jan. 22. Bought for cash a birthday present for Mother, \$1.

NOTE.—Debit "Present" account.

Jan. 23. Bought 5 white rabbits of E. E. Salser at 50 cts., paying cash \$1; balance on account.

Jan. 27. 2 rabbits died. (No entry required.) Sold for cash the other 3 at 45 cts. each. Received cash for one week's wages, \$1.25.

Jan. 29. Sold 5 marbles at 8 cts. each, 40 cts.

Feb. 4. Received cash for regular wages, \$1.25; for overtime, 9 hours, 75 cts.

Feb. 6. Picked up on street a purse containing valuable papers, belonging to Mr. Rich. Received 50 cts. for returning same. Paid E. E. Salser cash in settlement of acct., \$1.50.

Feb. 7. Picked apples for Mr. Farmer, before school, and received 25 cts. for the work.

Feb. 8. Received 10 cts. for selling papers for Johnny Jones.

Feb. 11. Received cash for one week's wages, \$1.25. Paid Wm. La Bar cash in settlement of acct., \$4.

INVENTORY.—Marbles on hand, 40 cts.

Violin, \$6.00.

Books on hand, estimated worth, \$2.25.

SET A³.

MEMORANDA.

To be written like Set A¹.

Jan. 1. Your father gave you \$100, and sent you to Kansas Normal College. Bought Journal, 25 cts.; a ticket to Ft. Scott, \$5.35; lunch, 30 cts.; book of newsboy, "Heavenly Twins," \$1. Paid for hack and dray, 50 cts.

NOTE.—Debit Expense, Transportation, Board and Books.

Jan. 2. Paid board in Short club one assessment in advance, \$5; room rent, \$8.

Jan. 4. Received from office, mileage (R. R. fare refunded) in cash, \$2.25. Paid incidental fee, \$5. Bought books, \$4. Loaned A. Student, \$5.

Jan. 5. Received from A. Roommate one-half month's room rent, \$4.

Jan. 6. Found a purse containing \$600, in bills. Paid *Daily Telegraph* 50 cts. for advertisement;

Jan. 7. Joined baseball section of athletic association and paid fee in cash, \$1.50. Mr. Chas. Cross proved himself owner of the purse. He paid \$10 for services rendered.

(Credit yourself.)

Jan. 8. Gave to church and Sunday-School, 25 cts.

(Debit Benevolence account.)

Jan. 9. Went to a show and took A. Roommate, paying for tickets, 20 cts. Borrowed \$5 of A. Roommate.

Jan. 10. Lost 50 cts. Loaned P. Katchakoff, on his note at 10 days, \$12.

Jan. 12. Bought a \$15 suit of clothes for \$10 in cash. Received from father a present of a bank draft for \$60, for which received cash at bank.

Jan. 13. Had shoes half-soled, 75 cts. Gave to a poor man, 20 cts.

Jan. 14. Sold to a student a book, \$1, receiving cash. Paid club assessment, \$5.

Jan. 16. Received \$3 from A. Student on account.

Jan. 17. Sold P. Katchakoff's note for \$11 cash; discount, \$1.

Jan. 19. Bought Ledger, 50 cts. Posted and made Balance Sheet.

INVENTORY.—Books on hand estimated to be worth \$3.60.

SET B¹.

FARMING SET.

FEBRUARY.

OBJECTS.—(1) The opening and closing of a set of books. (2) Drill in Journalizing. (3) Forms and Journalizing of Bills Payable, Bills Receivable, and Bank Checks. (4) Computing of interest and discount. (5) To find date of maturity on notes and bills. (6) Days of Grace.

INSTRUCTIONS.—The work should be neater and more accurate than in the January sets. Secure blank note and check forms, and fill out the notes and checks in proper form. Interest and Discount are computed at 6%, unless otherwise stated.

“For as our habits are, such will be our pleasures and pursuits.”

TO FIND THE DATE OF MATURITY OF NOTES AND BILLS.

There is perhaps nothing in the whole field of computation that troubles the average student more than ascertaining the exact day when a note or bill becomes legally due, and yet it is very easy. In business this is of great importance, as it enables the holder to take proper action to hold the indorsers responsible for its payment. The law requires prompt action in protesting notes and giving notice to the indorsers, and if it is not done at just the right time they are released. Notes are usually drawn payable in 1, 10, 30, 60, or 90 days, or so many years or months after date. When the note reads "months," calendar months are meant, and counting forward the given number of months from the date will give the required month and year, and the day of month being the same as that given in the date, it is only necessary to add three days of grace and we have the legal maturity. If days of grace are prohibited by the note or laws of the state, they are, of course, omitted in the computation.

When the time is expressed in the note in days, they should be counted right off from the date, without reference to the months or the number of days in any of them. *There are just as many days from any date in any month, to the same date in the next month, as there are days in the first month.* For example, from February 28 to March 28 there are 28 days. Leap years there would be 29. From August 18 to September 18 there would be 31 days, etc. This fact being borne in mind, we may make the computations *mentally* and with exactness. Count by thirties as you want one, two or three of them. Take a note dated February 23, 1885, having 60 days to run. From this date to March 23 there are only 28 days, so we are two short of our 30. From March 23 to April 23 is 31 days, or one over our 30. We now have our two thirties minus one day, which add to April 23, making it the 24th; and then adding the three days of grace, we have April 27th, the date of legal maturity.

DAYS OF GRACE ON NOTES AND BILLS.

The custom of allowing days of grace, that is, a certain number of days more than the number mentioned in a note for the payment of it, seems rather strange and nonsensical, but it has nevertheless grown into a law that is as well known and as fully recognized as if it were put down in so many words in the law. It is purely common law, however, having grown up among merchants as a matter of favor, but as interest is charged for the days of grace the idea of *favor* assumes small proportions. The number of days allowed varies in different countries from 3 to 15, but in America the rule is almost without exception to allow three days on all notes, drafts, bills of exchange, etc., provided they are negotiable and are not payable on demand or at sight. California and a few other states have abolished days of grace, and many other states are considering the advisability of so doing.

When the maker or acceptor is entitled to grace, the number of days may be lessened by Sunday or legal holidays, where they come on the last day of the term, but not where they intervene. For instance, if the last day of grace falls on Sunday, the note would be due on Saturday; but if Saturday were a legal holiday, the note would be due on Friday. If the first or second days of grace, or both of them, are Sundays or legal holidays, the date of maturity is not affected. Where the note excludes days of grace and it falls due on Sunday, or a legal holiday, it is not legally due till the next day after it. Actions at law must not be brought until the day after the legal maturity of the note, as the maker has the whole of that day in which to pay it. If the action is brought on the day it is legally due, the plaintiff will be non-suited and have to pay the costs.

STEPS TO BE TAKEN IN WRITING SET B¹.

Do not deviate from the following order :

1. WRITE THE DAY BOOK. The record should be complete, yet devoid of unnecessary words. Refer to Model Set for arrangement.
2. JOURNALIZE. Determine the debits and credits in each transaction by means of the eight principles.
3. RULE AND FOOT JOURNAL. A single line across the amount columns indicates an addition, and a double line indicates an equilibrium and a closing.
4. POST. The explanation columns of the Ledger should not be filled out as shown in some old text-books. Nothing is gained and time is lost by so doing.
5. TAKE LEAD-PENCIL FOOTINGS OF ACCOUNTS. Be sure to make them very small and very light.
6. TAKE A TRIAL BALANCE OF FOOTINGS AND DIFFERENCES, in first columns of Balance Sheet.
7. ENTER INVENTORIES AND CLOSE ACCOUNTS SHOWING LOSSES OR GAINS.
8. CLOSE LOSS AND GAIN ACCOUNT.
9. MAKE A STATEMENT OF LOSSES AND GAINS, in loss and gain columns of Balance Sheet.
10. CLOSE PROPRIETOR'S ACCOUNT.
11. MAKE A STATEMENT OF RESOURCES AND LIABILITIES, in the resource and liability columns of Balance Sheet.
12. TAKE LAST TRIAL BALANCE. It will not be the same as the resource and liability columns this month, as we have not balanced the accounts which show resource and liability only. However, D. A. Ellsworth & Co. and Bills Receivable accounts balance and may be "ruled up," if the bookkeeper so desires. Cash account is not balanced, and the same faces appear for it in the last Trial Balance as in the first Trial Balance of footings.

MEMORANDA.—SET B¹.—February.

Feb. 1. A. S. Newman, a farmer, desiring to know more about his business in the future than in the past, employs the school-teacher at \$10 per month to open and keep a set of books for him. An inventory is taken of the properties owned by Mr. Newman, with the following result: The farm is valued at \$2,000; horses, \$100; cattle, \$200; machinery, \$150; wheat in bin, \$400; corn in crib, \$200; hogs, \$50; poultry, \$20; cash on hand, \$300. Mr. Newman owes W. C. Stevenson on account \$400, and D. A. Ellsworth & Co. on account \$500.

NOTE.—In making the opening Journal entry, debit the resources, credit the liabilities, and credit the proprietor with the difference between them. Accounts should be kept with each of the resources and liabilities named.

Feb. 1. Bought stamps and stationery for cash, \$3.

(Debit Expense.)

Feb. 2. Sold hogs for the following promissory note:

\$ 68.00	Reading, Kan., Feb. 2, 189
Ten days	after date I promise to pay
A. S. Newman	or order,
Sixty-eight and no/100	Dollars,
value received, with interest at 6%.	
No. 1	JOHN DOE.

NOTE.—Bills Receivable is a form of property.

Feb. 3. Paid sundry expenses in cash, \$10.

Feb. 4. Sold poultry for cash, \$18.

Feb. 6. Paid for repairs on machinery, cash, \$2.

(Debit Machinery account.)

Feb. 7. Sold corn to C. R. Oliver for \$300, taking in payment \$175 in cash and the following note:

\$ 125.00	Emporia, Kan., Feb. 7, 189
Thirty days	after date we promise to pay
A. S. Newman	or order,
One hundred twenty-five and no/100	Dollars,
at the First National Bank.	
Value received.	C. R. OLIVER.
No. 2 Due 3/12.	JOHN SMITH.

Feb. 8. One horse and one cow struck by lightning and killed.

(No Journal entry required.)

Sold hide of cow for the following check:

\$ 6.00	<i>Emporia, Kan.,</i>	Feb. 8, 189
FIRST NATIONAL BANK,		
<i>Emporia, Kansas.</i>		
Pay to the order of <u>A. S. Newman</u>		
Six and no/100		Dollars,
	<u>J. C. SMITH & CO.</u>	
No. 36		By I.O.S.

NOTE.—Checks are considered as equivalent to the cash. Credit Cattle.

Feb. 9. Bot. a Jersey cow, giving in payment the following note:

\$ 45.00	<i>Emporia, Kan.,</i>	Feb. 9, 189
Two months after date I promise to pay		
King & Brown		or order,
Forty-five and no/100		Dollars,
with interest at 6%		
Value received.	A. S. NEWMAN.	
No. 4	Due 4/9-12.	

(By giving your note you owe a Bills Payable instead of the party to whom the note is given.)

Feb. 10. Paid D. A. Ellsworth & Co. in full of account by \$50 cash and note at 30 days for balance.

Feb. 11. Sold 160 acres from farm for \$1,800 cash.

Feb. 13. Discounted note received on the 7th at the bank, receiving cash for the proceeds. Rate of discount, 6 %. Time, 27 days.

Feb. 14. Sold wheat for \$600 cash.

Feb. 15. Received cash of John Doe for his note and interest on same, due to-day.

Feb. 16. Sold cattle for \$700, taking in payment a note at 30 days, with interest at 10 %.

Feb. 17. Paid for sundry expenses, \$25 in cash.

Feb. 20. Discounted note received on the 16th at 6 %, receiving cash for the proceeds.

(Find the amount of \$700 for 33 days at 10 %, and discount this amount for 29 days at 6 %. Discount is debited and interest credited. Why ?)

Feb. 21. W. C. Stevenson accepted \$350 cash in full of account, and gives a receipt for \$400.

(Debit W. C. Stevenson for \$350, and close his account into Loss and Gain, at the time of closing other accounts producing losses or gains.)

Feb. 22. Mr. Newman requests the bookkeeper to find his worth and close accounts, as he contemplates taking a partner.

Inventories are taken, with the following results: Farm, \$1,900; horses, \$50; cattle, \$45; machinery, \$150; poultry, \$16.

QUESTIONS ON SET B¹.

1. How is the opening Journal entry made when there are many resources and liabilities?
2. Why credit the proprietor with the difference between the resources and liabilities?
3. What divisions of Expense account would be advisable in a carefully kept set of books for a farmer?
4. Which side of a Property account is the larger when there is no inventory and the account shows a loss?
5. Which side of a Property account is the larger when there is no inventory and the account shows a gain?
6. The debit side of Cash being the larger, what is the difference called?
7. Can the credit side of Cash be larger than the debit?
8. Why must the debit side of Bills Receivable account be the larger, if there is any difference?
9. Which side of Bills Payable account must be the larger, if there is any difference, and why?
10. Which side of a personal account is the larger when it shows a resource? a liability? a loss? a gain?
11. Give two ways of making the entry for a settlement of a personal account for less than the amount due.
Ans. It is preferable to make the account show the loss or gain on its face. Some enter the loss or gain in the Journal, debiting or crediting the person with the full amount necessary to balance his account.
12. In closing an account, why is the equality of the Ledger not affected? *Ans.* Because equals taken from equals, leaves equal differences.
13. Illustrate this with Mdse., Cash, Interest.
14. What is the date of maturity of the note received on February 2?
15. How does the note received on the 7th of February differ from the one received on the 2d?
16. Why are checks considered equivalent to cash?
17. When do you debit Bills Receivable?
18. When do you credit Bills Receivable?
19. To what class of accounts does Bills Receivable account belong?
20. What results are shown by Bills Receivable account?
21. Can Bills Receivable account be made to show its loss or gain on its face? *Ans.* Yes, the same as any other property account; however, few bookkeepers do so. They prefer to debit or credit bills with their faces, carrying to Discount account any allowances made.
22. To which class of accounts does Bills Payable account belong?
23. Accepted \$78, for a note of \$80. What entry?
24. Paid \$90, cash, in redemption of your note for \$100. What entry?
25. Consult your arithmetic for full explanation of reasons for method of discounting a note drawing interest as given on February 20. Explain.
26. Explain method of finding date of maturity on notes and bills.
27. Discuss Days of Grace.

SET B².

MEMORANDA.

To be written in the same manner as Set B¹.

- Feb. 1. Student commenced a retail dry-goods business this day, with cash on hand \$1,500. Bought of J. Fankhouser a bill of goods for \$630. Gave him your note at 30 days with interest at 6%. Paid February rent in cash, \$35.
- Feb. 3. Sold to K. Cunkle, on account, a bill of goods amounting to \$45. Sold F. M. Dana, on his note at 21 days, with interest, a bill of goods amounting to \$85.
- Feb. 4. Received from D. W. McGilvray a bill of goods amounting to \$400. Paid for the same by cash. Sold L. M. Frost a bill of goods amounting to \$125. Received \$25 cash, the balance on account. Cash sales this day, \$15.
- Feb. 6. K. Cunkle paid \$25 on his account. Received cash of L. M. Frost for balance of his account. Cash sales, \$85.
- Feb. 8. Sold R. Ross a bill of goods amounting to \$90. Received from him his note at 10 days with interest at 10% for \$60, and cash for balance.
- Feb. 10. Sold J. J. Comer a bill of goods amounting to \$140. Received \$50 in cash and his note at 12 days with interest at 10% for the balance.
- Feb. 12. Discounted R. Ross's note at Citizens Bank, receiving cash for the proceeds. Cash sales, \$125.
- Feb. 13. Received from J. Fankhouser a bill of goods amounting to \$75. Paid the same by sending express money-order. Sold L. R. Jones, on account, a bill of goods amounting to \$75.
- Feb. 15. L. R. Jones returned \$15 worth of goods bought on the 13th.
- Feb. 16. Sold D. W. Hamer a bill of goods amounting to \$85. Received \$40 cash, the balance on account.
- Feb. 17. Discounted J. J. Comer's note of the 10th at the bank, receiving cash for the proceeds.
- Feb. 19. Granted L. R. Jones a discount of $12\frac{1}{2}\%$ on the amount due on the bill of the 13th, owing to defective goods, and accepted in payment of balance a demand note of D. W. Hamer for \$45, given Jan. 2, drawing interest at 10%, and \$7.50 in cash.
- Feb. 20. Cash sales, \$45.
- Feb. 27. F. M. Dana paid his note of the 3d, with interest. Cash sales, \$80. Discounted our note favor J. Fankhouser, given on the 1st, paying the proceeds in cash.
- Feb. 29. Received cash of D. W. Hamer for note held by us, and interest to date; also balance due on account.
- Mdse. inventory, \$890.

To guard against future difficulties, careful attention should be given to the following Merchandise account. Notice that it continues through several months and represents the merchandise bought and sold each month, and is made to show the loss or gain each month. In May it was closed on the 11th, forwarded on the 24th and will be closed again at the end of the month. The inventories represent the value of goods on hand at the beginning and close of each period. At the bottom of page is illustrated the method of forwarding an account when it crowds on another or one side reaches the bottom of the page.

MERCHANDISE (or any property account).

1899.				1899.				
Jan.	2		9	300	Jan.	3	9	200
"	3		9	4,200	"	4	9	3,000
"	6		10	1,000	"	6	10	500
"	9		11	5,000	"	7	10	600
"	17		12	8,000	"	10	11	4,000
"	19		13	6,000	"	12	11	700
				24 500	"	19	13	1,000
"	24		15	500	"	22	14	10 000
				25 000	"	26	16	8,000
"	31	Gain,		8,500	"	28	17	4,000
					"	31	17	3,500
								25 500
								8,000
								33,500
Jan.	31	Inventory,		8,000	Feb.	3	19	3,000
Feb.	28	Gain,		1,000	"	6	20	600
					"	7	20	500
					"	18	22	900
					"	28		5 000
								4,000
								9,000
Feb.	28	Inventory,		4,000	Mar.	4	25	1,800
Mar.	6		25	800	"	16	27	3,200
"	31	Gain,		200				5 000
								5,000
Apr.	6		29	12,000	Apr.	7	30	300
					"	8	30	600
					"	9	31	400
					"	10	31	700
					"	12	32	1,000
					"	18	34	70
					"	20	35	330
					"	24	37	700
					"	26	38	900
					"	30		5 000
					"	30		4,500
								2,500
								12,000
Apr.	30	Inventory,		4,500	May	4	41	432
May	2		40	964	"	6	43	532
					"	10	44	136
					"	11		1 100
								4,364
								5,464
May	11	Inventory,		4,364	May	12	45	99
					"	14	45	112
					"	16	46	368
					"	19	48	494
					"	24	49	889
								1 964
								1,964
		Ford.,	L. P.	4,364			L. P.	70
			24				24	70

SET C¹.

MARCH.

OBJECTS.—(1) Computations and arrangement. (2) Drill in Journalizing. (3) The keeping of a bank account. (4) Form and construction of business papers.

INSTRUCTIONS.—The books are kept as in the preceding sets. Give much attention to neatness of work, accuracy, good writing and figures. Do not have a rough, carelessly written set of books in which the work is done preparatory to transferring to your regular books. Do your best work all of the time, and think before acting.

Washington studied the intricate forms of business. He copied out bills of exchange, notes, receipts, and all the varieties of the class, with a precision and elegance that were remarkable.—*Irving*.

STEPS FOR SET C¹.

1. JOURNALIZE—Omit writing of Day Book.
 2. RULE AND FOOT JOURNAL. When a page of the Journal is full, rule a line across the second line from bottom of page across amount columns. Foot in lead-pencil, then in ink, and carry to top of next page. It is evident that they are footings; hence no explanation is necessary.
 3. POST.
 4. LEAD-PENCIL FOOTINGS OF ACCOUNTS.
 5. TRIAL BALANCE OF DIFFERENCES, ONLY, in a six-column Balance Sheet.
 6. CLOSE ACCOUNTS SHOWING LOSSES OR GAINS.
 7. FILL OUT LOSS AND GAIN COLUMNS in Balance Sheet.
 8. CLOSE LOSS AND GAIN ACCOUNT.
 9. CLOSE PROPRIETOR'S ACCOUNT.
 10. FILL OUT RESOURCE AND LIABILITY COLUMNS in Balance Sheet.
 11. CLOSE ACCOUNTS REMAINING OPEN.
 12. SEE THAT FACES OF ALL ACCOUNTS AGREE with amounts appearing in resource and liability columns of Balance Sheet.
-

MEMORANDA FOR MARCH.—SET C¹.

Mar. 1. You begin a provision business and invest, cash in safe, \$2,000; cash on deposit in First National Bank, \$2,500.

NOTE.—There are two ways of keeping an account of the deposits in a bank. The usual way is to consider the bank as the strong box of the business, and rely upon the bank pass-book to disclose the amount in bank, or carry the balance on the stub of the check-book. In this plan the cash put in bank is considered still on hand, as it is available at any time. Most business houses follow this plan. The second way is to keep a bank account in the Ledger, debiting bank for all deposits, and crediting for all withdrawals by check. The latter plan will be followed in this set.

Pay store rent for March in cash, \$50; buy books and fixtures of W. S. Picken & Co., to the value of \$150, giving in payment your note at 10 days, with interest at 6%.

(Debit Expense, \$200.)

Mar. 2. Buy from A. T. Mills & Co., Chicago: 200 bbls. beef at \$8, \$1,600; 100 bbls. pork at \$10, \$1,000; 750 lbs. shoulders at 9c., \$67.50; 3,000 lbs. hams at 10c., \$300; 45 cwt. sides at \$8.50, \$382.50; 5,000 lbs. lard at 8c., \$400. Total, \$3,750. Give in payment your note at 30 days, \$3,000; and the following check for the balance :

Emporia, Kan., Mar. 2, 1899 No. 1

FIRST NATIONAL BANK
OF EMPORIA.

Pay to the order of W. S. Picken & Co., \$ 750.00

Seven hundred fifty and no/100 Dollars.

STUDENT.

NOTE.—The check was drawn in favor of W. S. Picken & Co., at the request of A. T. Mills & Co.

Mar. 3. Sell Shepherd & Baxter, Emporia, on their note at 30 days: 10 bbls. beef at \$10.50, \$105; 1,250 lbs. lard at 8c., \$100; 1,400 lbs. hams at 11c., \$154; 15 cwt. sides at \$9, \$135; 24 bbls. pork at \$14, \$336. Total, \$830.

Mar. 4. Sell M. A. Bailey, Osage City: 50 bbls. beef at \$10.50, \$525; 10 bbls. pork at \$14, \$140; 1,200 lbs. hams at 11c., \$132. Total, \$797. Receive in payment his note at 20 days for \$500; balance on account.

Mar. 8. Buy from Clarke & Co., St. Louis: 100 bbls. beef at \$9, \$900; 1,500 lbs. hams at 10c., \$150. Total, \$1,050. Give in payment check for \$500; balance on account.

Mar. 10. Sell Reid & Co., Topeka: 50 bbls. pork at \$14, \$700; 6 cwt. sides at \$8, \$48; 10 bbls. beef at \$10.50, \$105. Total, \$853. Receive in payment their note at 10 days, with interest, for \$500, and their check # 357 on the Topeka State Bank for the balance.

Mar. 14. Pay your note of the 1st, favor of W. S. Picken & Co., and interest on same, by check. Face of note, \$150. Interest, 13 days, 33c.

Mar. 15. Discount M. A. Bailey's note of the 4th, at your bank, and receive cash for the net proceeds. Face of note, \$500. Discount off, 12 days, \$1. Net proceeds, \$499.

Mar. 16. Deposit cash on hand in the bank.

NOTE.—The "cash on hand" is the difference between the amount received and the amount paid out, and in this set does not include what is in bank.

Mar. 17. Discount your note of the 2d, favor A. T. Mills & Co., and pay the proceeds by check. Face of note, \$3,000. Discount off, 18 days, \$9. Proceeds, \$2,991.

Mar. 18. Pay Clarke & Co. on account, by check, \$200.

Mar. 22. Withdraw \$100 from bank by check, for your private use.

NOTE.—As you have no partner it is just as well to debit yourself. If you had a partner it would be advisable to debit your "private" account which would be closed into your "firm" or proprietor's account at the time of finding your worth.

Mar. 23. Receive from Reid & Co., for their note of the 10th, and interest, cash in full. Face of note, \$500. Interest, 13 days, \$1.08. Receive from M. A. Bailey, on account, his note at 15 days, with interest, \$197.

Mar. 24. Sell White & Wilson, Reading: 10 bbls. pork at \$14, \$140; 1,500 lbs. hams at 11c., \$165; 750 lbs. shoulders at 9c., \$67.50. Total, \$372.50. Receive in payment their note at 30 days, \$200; balance on account.

- Mar. 26. Discount Shepherd & Baxter's note of the 3d at the bank and leave the proceeds to your credit. Face of note, \$830. Discount off, 10 ds., \$1.38. Proceeds, \$828.62. Pay by check for advertising, \$25.
- Mar. 27. Buy from Goodrich & Co., Chicago: 150 bbls. pork at \$10, \$1,500; 1,000 lbs. shoulders at 9c., \$90; Total, \$1,590. Give in payment check for \$1,000; balance on account. Sell W. C. Holman, Hartford: 3,000 lbs. lard at 9c., \$270; 15 cwt. sides at \$9, \$135; 50 bbls. pork at \$14, \$700. Total, \$1,105. Receive in payment their check No. 63 on the Citizens Bank, \$905, and their note at 30 ds. for balance. Sent them the following receipted bill:

<u>STATEMENT.</u>					
<i>Emporia, Kan., Mar. 27, 189</i>					
W. C. HOLMAN, Hartford,					
<i>Bought of</i> STUDENT.					
<small>TERMS: CASH OR BANKABLE PAPER.</small>					
	3000 lbs. Lard at 9c.,	270			
	15 cwt. Sides at \$9,	135			
	50 bbls. Pork at \$14,	700		1105	
	Rec'd payment 4/27/96.				
	STUDENT.				

- Mar. 28. Receive from White & Wilson, on acct., \$72.50 cash and their note at 10 ds., \$100.
- Mar. 29. Pay Clarke & Co. on acct., by check, \$150, and your note at 30 ds., \$200.
- Mar. 30. Sell at auction all the goods you have for cash, \$2,567.85. Deposit in bank cash on hand. Pay clerk's salary for March by check, \$45. Pay drayage for March, \$65, by check.

INVENTORY.—Expense—fixtures, and furniture, valued at \$135.

NOTE.—While Expense account usually shows a loss for the full amount with which it is debited, yet if some article for which Expense was debited is still on hand and possesses value an Expense inventory is necessary, thus reducing the present loss by that amount.

QUESTIONS ON SET C¹.

1. What are the two methods of keeping an account of deposits and withdrawals from a bank?
 2. Which is the common and better method?
 3. If a bank account is kept, does it belong to the Personal, Property or Causal class?
 4. Does the bank account usually show a resource or loss?
 5. What circumstances may make it show a loss? a liability?
 6. If no bank account is kept, what entry will be made for the payment to John Smith on account by check?
- Ans.* Smith debited and cash credited.
7. Under what circumstances can Expense account have a resource inventory? a liability inventory?
 8. Give in order the steps taken in writing Set C¹.
 9. Explain the ruling in a Journal.
 10. Explain the ruling in a Ledger.
 11. Explain the closing of Cash account.
 12. Explain the closing of a Personal account.
 13. What does a six-column Balance Sheet contain.
 14. Why is a Balance Sheet necessary?
 15. Explain the ruling and balancing of a Balance Sheet.
 16. What was the gain or loss per cent. on Mdse.?
 17. What was the per cent. of loss or gain on your investment?
 18. What per cent. of gain is considered a fair profit on an investment?
 19. Write all commercial papers used in the set.

THE SKELETON LEDGER.

The Skeleton Ledger is sometimes used preparatory to the posting, or after the posting to the regular books, as a test of accuracy, means of discovering a wrong entry, etc., etc. It can be used by the student in placing accounts on the blackboard. The following are a few of the accounts for set C¹:

CASH.		BANK.		MDSE.		BILLS RECEIVABLE.	
2000.	50.	2500.	750.	3750.	830.	830.	500.
353.	2802.	2902.	500.	1050.	797.	500.	500.
499.	4046.43	828.62	150.33	1590.	853.	500.	830.
501.08	6898 43	4046.43	2991.	2567.85	372.50	197.	1830
905.			200.	8057 85	1105.	200.	697. Bal.
72.50			100.		3957 50	200.	
2567.85			25.		5000.35 Loss.	100.	
6898 43			1000.	8957.85	8957.85	2527	
			150.			2527.	2527.
			45.				
			65.			Bal. 697.	
BILLS PAYABLE.		EXPENSE.		INTEREST.		DISCOUNT.	
150.	150.	200.		.33	1.08	1.	9.
3000.	3000.	25.				1.38	
	200.	45.					
		65.					

SET C².

MEMORANDA.—DRY-GOODS SET.

- Mar. 1. Loar & Co. began a Dry-Goods business, and invested, cash in safe, \$500; cash on deposit in Citizens National Bank, \$3,500.
 Bot. fixtures and books, \$250. Gave in payment check on Citizens National Bank.
- Mar. 3. Bot. C. O. Smith & Co., St. Louis: 4 bolts, 160 yds., Pacific delaines, at 15c.; 3 bolts, 120 yds., striped lusters, at 14c.; 6 bolts, 260 yds., gingham, at 11c.; 2 bolts, 70 yds., prints, at 7c. Gave in payment check for \$25; balance on account.
- Mar. 4. Bot. of C. H. Ewing & Co., Topeka: 3 bolts, 120 yds., bleached cotton, at 18c.; 2 bolts, 60 yds., brown cotton, at 8c.; 3 bolts, 90 yds., fine muslins, at 25c.; 2 bolts, 80 yds., flannels, at 35c. Gave in payment note at 10 days for \$50 and check for the balance.
- Mar. 5. Sold R. O. Small: 20 yds. striped lusters, at 20c.; 32 yds. gingham, at 15c. Recd. in payment his check on the First National Bank for \$5; balance on account.
- Mar. 6. Sold W. E. Johnson, on his note at 10 days: 54 yds. prints, at 12c.; 10 yds. fine muslin, at 35c.; 15 yds. brown cotton, at 12c.
- Mar. 7. Bot. of A. W. Lynn & Co., Kansas City, on our note at 15 days: 1 doz. prs. gents' kid gloves, \$20; ½ doz. prs. ladies' kid gloves, \$16.
- Mar. 9. Paid one month's rent, in cash, \$40. Paid for stationery and postage, in cash, \$10.
- Mar. 10. Discounted W. E. Johnson's note of the 6th, leaving proceeds at the Citizens National Bank.
- Mar. 11. Bot. of W. G. Muir & Co., Chicago: 5 bolts, 50 yds., velvet ribbons, at 50c.; 3 bolts, 30 yds., satin ribbons, at 15c.; 5 bolts, 50 yds., fine satin ribbons, at 40c.; 5 Ottoman shawls, at \$7. Gave in payment our note at 60 days for \$75; a check for the balance.
- Mar. 12. Sold Miss Lizzie Humphrey, for cash: 16 yds. Pacific delaine, at 22c.; 12 yds. bleached cotton, at 26c.; 1 bolt, 10 yds., velvet ribbon, at 65c.; 1 pr. kid gloves, \$1.60. Deposited all cash in hand in Citizens National Bank.
- Mar. 17. Paid our note of the 4th by check. Bot. of Geo. Crisman & Co., Cincinnati: 5 pcs., 200 yds., satins, at \$2; 4 pcs., 156 yds., silks, at \$3; 3 pcs., 120 yds., velvets, at \$5. Gave in payment our note at 20 days for \$1,000; check for \$200; balance on account.
- Mar. 18. Sold Miss Agnes Newbold, on her note at 30 days: 12 yds. velvet, at \$7.50; 10 yds. silk, at \$4.25; 1 bolt, 10 yds., satin ribbons, at 60c.; 5 yds. velvet ribbon, at 65c.
- Mar. 19. Discounted our note of the 11th, favor Muir & Co., and paid proceeds by check. Sold R. O. Small: 2 prs. kid gloves, at \$2; 1 bolt, 40 yds., bleached cotton, at 26c.; 1 bolt, 36 yds., Pacific delaine, at 22c. Recd. in payment a check on Emporia National Bank for \$10; balance on account.
- Mar. 20. Discounted Miss Newbold's note of the 18th, and deposited proceeds in bank. R. O. Small returns 1 pair of gloves, purchased on the 19th, because imperfectly made.
 (Debit Mdse., credit Small.)
- Mar. 22. Sold W. E. Johnson, for cash, 45 yds. brown cotton, at 12c.; 80 yds. fine muslin, at 35c.; 20 yds. flannels, at 45c. Paid clerk's salary for 3 weeks, \$45.
- Mar. 23. Paid bill for drayage, \$18, by check. Discounted our note of the 17th, favor Crisman & Co.; paid proceeds by check.
- Mar. 25. Paid our note of the 7th, now due, by check.
- Mar. 31. On the evening of the 30th a wind-storm blew off the roof of store and our goods were damaged by a rain. C. O. Smith & Co. have agreed to take entire stock of goods for \$1,500. Received in payment their note at 60 days for \$750; cash, \$250; balance on account.
- INVENTORY.—Fixtures, \$125.

COMMERCIAL PAPER.

CHECKS, NOTES, DRAFTS, INDORSEMENTS, LETTER OF CREDIT, ETC., ETC.

A check is an order by a depositor on the bank in which he has money or credit. The following form represents a check, together with the stub of the check-book from which the check was taken :

Bal. brot. for'd,.....	90
7/6.....	18
To Peters.....	
Hdw. Co.	
For Mdse.	
Amt.....	24 75
Balance	65 25
No. 4.....	

Topeka, Kan., July 6, 1896. No. 4	
The State Bank of Topeka,	
Topeka, Kan.	
Pay to the order of	Peters Hdw. Co., \$24.75
Twenty-four and 75/100	Dollars.
STUDENT.	

In the above check Student is called the Drawer, Peters Hdw. Co. the Payee, and the State Bank of Topeka the Drawee. The business relations between Student and the Bank are: (a) The Bank has money on deposit belonging to Student. (b) Student's credit is good at the Bank—they have permitted him to overdraw his account.

The business relations existing between Student and the Peters Hdw. Co. may be: (a) Probably Student owes Peters Hdw. Co. (b) Student buys property of the Payees. (c) Student makes the Payees a present. (d) Student makes a loan to the Payees. (e) Student sends to Payees to be used for speculative purposes. (f) Student sends to Payees in payment of his note now due. (g) Student owes John Smith and Smith owes Peters Hdw. Co., and Student sends to Payees to apply on Smith's account.

To journalize any transaction in which any form of commercial paper is used, the eight principles of debit and credit only are needed.

What is the entry of the Drawer under each of the relations given?

What is the entry of the Payees under each of the relations given?

The following is a form of a certified check. It is presented to the cashier with the request that he certify to its being worth its face. On writing "Certified" and his name across the face, the bank becomes responsible for its payment when presented:

To be written across face of check:

Certified.
D. M. DAVIS,
Cashier.

\$ 600.00	Iola, Kan., Apr. 20 1898
FIRST NATIONAL BANK.	
Pay to the order of	W. A. Cook
Six hundred and no/100	Dollars.
No. 26.	J. H. HILL.

What are the possible entries of the parties to the above check?

FORMS OF NOTES.

\$ 464.24	Leavenworth, Kan.,	Apr. 2	189 9
Three months after date, I promise to pay to the order of Student & Co.			
Four hundred sixty-four and 24/100			Dollars.
Value received. Payable at Citizens Bank.			
No. 2310	D. S. KELLY.		

The Maker of the note is D. S. Kelly. The Payee is Student & Co.

What were the possible business relations of the Maker and Payee which caused the note to be drawn as above?

\$ 1789.54	Emporia, Kan.,	Dec. 24	189 8
Sixty days after date, we promise to pay to the order of FIRST NATIONAL BANK OF EMPORIA, KAN. , One thousand seven hundred eighty-nine and 54/100 Dollars, payable at the FIRST NATIONAL BANK OF EMPORIA, KAN. , with interest at the rate of 10 per cent. per annum from maturity until paid, value received, waiving benefit of exemption laws.			
P. O. Emporia.	THOS. H. DINSMORE, Jr.		
Due Feb. 25.	D. S. KELLY.		

This is a common form of note. The interest for 63 days is computed on the face of the note, and the maker receives the difference only. This gives the bank the interest in advance, and the transaction being in the nature of a discounting of the paper, enables the bank to sometimes exact more than the maximum rate of interest allowed by law. D. S. Kelly may be a joint maker or a surety for the payment by T. H. D.

\$ 75.00	Emporia, Kan.,	July 9	189 8
Sixty days after date, I, Lyon, of the County of Kansas, promise to pay to the order of PETERS HARDWARE COMPANY , Emporia, Kan., the sum of Seventy-five and no/100 DOLLARS, with interest at 10 per cent. per annum after date until paid.			
Value received. The indorsers, grantors and assignors severally waive presentment for payment, protest and notice of protest for non-payment of this note, and all defense on the ground of any extension of time of its payment that may be given by the holder or holders, to them or either of them, or to the maker or makers thereof.			
This note is given for the purchase of one Bain Wagon, and the express conditions of the sale and purchase are such that the title, ownership and right of possession of the property aforesaid does not pass from PETERS HARDWARE COMPANY until this note, interest and costs are paid in full.			
For the purpose of obtaining credit I certify that I own in my own name 160 acres of land, with 90 acres improved, worth \$ 980 over all incumbrances; I own \$ 500 worth of personal property over all indebtedness.			
Payable with exchange.			
P. O. address, Emporia, Kan.	<div style="display: inline-block; vertical-align: middle;"> <div style="text-align: center;">4 miles north</div> <div style="text-align: center;">3 miles south</div> <div style="text-align: center;">3 miles east</div> <div style="text-align: center;">OF SAID P. O.</div> </div>	<div style="display: inline-block; vertical-align: middle;"> <div style="text-align: center;">No. of note 979</div> <div style="text-align: center;">When due 9/10</div> </div>	W. A. NEWMAN.

\$ 845.40	Hays City, Kan.,	March 12 189 7
Ninety days after date, we promise to		
pay to the order of J. S. Parks		
Eight hundred forty-five and 40/100		Dollars,
at The Citizens Bank, with interest at the rate		
of 8 per cent. per annum from date until paid. Value received.		
P. O. Americus.	N. O. GOOD.	
Due 6/13	I. WILL PAY.	

I. W. Pay is an indorser for N. O. Good, his friend. This is a common practice and almost a necessity; but he who can keep from obliging his friends in this way will save himself much annoyance and quite likely loss.

COLLATERAL NOTE.

\$ 700.00	Emporia, Kan.,	June 6 189 9
Ninety Days after date, I promise to pay to the order of		
THE EMPORIA NATIONAL BANK , at the office of said Bank, in Emporia, Kan.,		
Seven hundred and no/100		Dollars,
with interest at the rate of 10 per cent. per annum after maturity until paid. Value received. Having deposited with said bank, as collateral security, with authority to sell the same, without notice, at public or private sale, at the option of said Bank, on non-performance of this promise:		
Note of Jas. Smith for \$475.00, dated June 3, 1899, and		
due in two years; note of Wm. Workman for \$675.00, dated		
September 1, 1897, and due in one year.		
No. 8349	Due Sept. 7, 189	W. B. BROWN.
P. O. Howard, Kan.		

Who is the Maker of the above note? The Payee? Define protest. (See commercial terms defined.)
 What would be the consequences if Brown should not be able to pay at maturity?

RECEIPT FOR PAYMENT FOR GOODS.

6/18/97	Topeka, Kan.,	6/18 189
Date	Received from Wm. C. Webb	
To Wm. C. Webb	Twenty-five and no/100 Dollars,	
For Books	For 5 Sets Kansas Statutes.	
Amt. \$25.00	\$ 25.00 GEO. W. CRANE & CO.	

It is best to demand a receipt when payment of a bill is not made by check. If made by check, the check serves as a receipt.

CERTIFICATE OF DEPOSIT.

Certificate of Deposit. NOT SUBJECT TO CHECK.	The Citizens Bank of Emporia.		No. 1649
	Emporia, Kan., Jan. 31 1898		
	Wm. Brunswick		<i>has deposited with this Bank</i>
	Seven Hundred and 25/100		Dollars, \$ 700 ²⁵ / ₁₀₀
	payable to the order of W. B. Steenburg		<i>in current funds on return of</i>
this Certificate properly indorsed twelve		<i>months after date, with interest at the rate of</i>	
eight		<i>per cent. per annum.</i>	
		H. W. FISHER,	
NO INTEREST AFTER MATURITY.		<i>Cashier.</i>	

On July 1, 1898, Steenburg sold the certificate to J. N. Wilkinson at 6% discount. At maturity, Wilkinson cashed the certificate at the bank. Write the indorsements appearing on the back of the certificate. How much did Steenburg receive? What did Wilkinson receive?

INDORSEMENTS ON NEGOTIABLE PAPER.

When the payee transfers his bills to another, it is necessary for him to write his name across the back, when he becomes an indorser. There are various kinds of indorsements for various purposes, and dependent upon circumstances. There are two kinds of indorsements in daily use among business men, viz., "blank," and "full," and several others used to a greater or less extent and having their peculiar uses. In general, an indorsement has two effects—first, to transfer the rights of indorser to holder; and second, to guarantee the payment as expressed on the face. The indorsement should always be written across the left end of the back, or with the left end at top when writing it.

Indorsing negotiable paper in "blank" makes it payable to bearer, and the holder has the right to make a full indorsement of it by inserting what he pleases above the indorser's name. There is as much risk in sending through the mail a check or draft indorsed in "blank" as in sending the currency.

The "full" indorsement necessitates identification, and is best for all ordinary purposes. The other indorsements given are nearly self-explanatory. Consult a work on commercial law for a full explanation of them.

The terms endorsement and indorsement are synonyms, and either may be used.

INDORSEMENTS.

(IN BLANK.)	STUDENT & Co.
(IN FULL.)	Pay to the order of John Smith. STUDENT & Co.
(WITHOUT RECOURSE.)	Pay to the order of John Smith, without recourse. STUDENT & Co.
(RESTRICTED.)	Pay to the order of John Smith, only. STUDENT & Co.
(CONDITIONAL.)	Pay to John Smith or order, unless we give you notice not to pay before maturity. STUDENT & Co.
(FOR COLLECTION.)	Pay Bank of Commerce for collection. STUDENT & Co.
(INDORSEMENT WITH GUARANTY.)	Pay to the order of any one. Previous indorsement guaranteed. STUDENT & Co.
(FOR PART PAYMENT.)	\$50.00. Rec'd June 1, 1899, on this note, Fifty Dollars. STUDENT & Co.
(FOR DEPOSIT.)	For deposit in Citizens Bank. STUDENT & Co.

FORMS OF DRAFTS.

The draft is the result of buying and selling "on time," a necessity on account of the difficulty of transmitting values, and a means whereby a representative of value may be created to supply a deficiency. Without checks and drafts the business of the United States could not be conducted. They are the larger part of the blood of commerce.

There are three original parties to a draft, viz.: (1) The Drawer. (2) The Drawee. (3) The Payee. The Drawer asks the Drawee to pay the Payee. The business relations existing between the Drawer and Drawee are various, although the usual one is that the Drawee owes the Drawer. The usual relation between the Drawer and the Payee is that the Drawer owes the Payee, yet there may be many others.

FORM OF SIGHT-DRAFT.

\$ 956.00	Spokane, Wash.,	May 3	189 9
At sight, pay to the order of Albert T. Mills			
Nine Hundred Fifty-six and no/100 Dollars,			
value received, and charge to the account of			
To E. R. Shepherd,	Geo. E. Wilkinson.		
St. John, Oregon.			

What is the entry of all of the parties under the most common relation?

The following is a common and probable illustration of the circumstances leading to the drawing of the above draft: On April 1, 1899, Albert T. Mills, of St. John, sold to Geo. E. Wilkinson, of Spokane, Wash., \$956 worth of goods on 30 days' time, and G. E. Wilkinson, on April 16, sells \$956 worth of goods to E. R. Shepherd on 15 days' time. On May 3d Wilkinson wishes to pay Mills, and therefore draws the above draft on Shepherd.

FORM OF DRAFT PAYABLE A DEFINITE TIME AFTER SIGHT.

To be written across face of draft:
Accepted Feb. 8, 1897.
HUGH DURHAM.

\$ 78.58	Independence, Kan.,	Feb. 6	189 7
FIRST NATIONAL BANK.			
At ten days' sight, pay to myself, or order,			
Seventy-eight and no/100 Dollars,			
value received, and charge to the account of			
To Hugh Durham,	RAYMOND OVESON.		
Mankato, Kan.			

In the above draft the Drawer and Payee are one. However, the Drawer may have sold it to some one who presents it to the Drawee for acceptance. In such a case, the Drawer would write the following indorsement on the left end of the back of the draft: "Pay to John Smith or order, Raymond Oveson," or he could have transferred it by simply writing his name on the back with-

out further comment. The effect of the indorsement would be : First, to transfer the title to the Indorsee, and second, to make the Indorser responsible in case payment should be refused by the Drawee. The acceptance of a draft by the Drawee makes it a Bills Payable to him.

FORM OF TIME SIGHT-DRAFT.

To be written across face of draft:

Accepted June 8, 1898.
Payable at Citizens Bank.
W. M. SEAMAN.

\$ 222.00	Leavenworth, Kan.,	June 7	189 8
FIRST NATIONAL BANK.			
At ten days sight,		pay to.....	
Fred. A. Stevenson		or order,	
Two hundred twenty-two and no/100		Dollars,	
value received, and charge to the account of			
To W. M. Seaman,			
Osage City, Kan.		JNO. Q. TEFFT.	
No. 1084			

How does this draft differ from the one which precedes it? When is it due? Where is it to be paid? By whom is it to be paid? *Ans.* The Bank. Make the entries of all the parties.

FORM OF TIME DRAFT.

To be written across face of draft:

Accepted Sept. 29, 1899.
Geo. W. KENDRICK.

\$ 845.56	Emporia, Kan.	Sept. 24	189 9
Thirty days after date, pay to W. M. Sinclair or order,			
Eight hundred forty-five and no/100 Dollars,			
value received, and charge to the account of			
To Geo. W. Kendrick,		A. R TAYLOR.	
Junction City, Kan.			

When is this draft due? In what respects does it differ from the others? What are the probable and possible relations of all the parties? Make the Journal entries of all the parties. Write the acceptance and indorsement. Sinclair would make if he sold the draft at a discount to the First National Bank after having it accepted.

BANK DRAFTS.

First National Bank.		No. 213074
Emporia, Kan.,		June 14 1897
Pay to the order of	W. C. Stevenson	\$ 1.00
One and no/100		Dollars.
To First Nat'l Bank,		
New York City, N. Y.		D. M. DAVIS, Cashier.

Merchants owing persons located in places where there is no one owing them use bank drafts like the foregoing, which are accepted as cash by any bank, although sometimes a charge of a fraction of 1 per cent. is made, called exchange. W. C. Stevenson, of Emporia, owed Franklin & Co., of Chicago. He goes into the Emporia bank and buys the above draft. He then indorses it in full, favor of Franklin & Co., and sends it to them. The banks keep money on deposit in some large city, against which they draw their drafts. The settlements of the banks with each other is made through the medium of the clearing-house. The clearing-house in a small town consists of representatives of the various banks, who meet to exchange each others' checks which they have cashed, and to adjust differences by paying the amount due. The clearing-house in the larger cities has become almost a national institution, adjusting the differences and making settlements among the banks, throughout the whole country.

A FOREIGN BILL OF EXCHANGE.

No. 57834.	Emporia, Kan.,	June 14 1897
Exchange for		
£ 97-15-10	On demand, duplicate being unpaid,	
Pay for this Bill of Exchange, to the order of		
John Jones,		
Ninety-seven Pounds, Fifteen Shillings, Ten Pence.		
To Parr's Bank, Limited,		
London,		EMPORIA NATIONAL BANK,
England.		J. M. Steele, Cashier.

This is a draft on a foreign country. What caused it to be drawn? You, or some one else, desired to send the amount named to John Jones, in England, and bought the draft of the banker.

SIGHT-DRAFT WITH EXCHANGE.

BAY & HEAGLER, Wholesale Paper and Stationery.

Emporia, Kan., 6/31 189 9

At three days' sight, pay to the order of

EMPORIA SAVINGS BANK, Emporia, Kan.,

One thousand and no/100 Dollars.

Value received, and charge to account of With Exchange and all charges when collected by express.

To W. S. Bristol, }
Anthony. Per HEAGLER.

STATEMENT.

To	Mdse.	
1	20	400
2	16	300
3	12	100
4	21	75
6	21	125
		\$1000

\$ 1,000.00

No. 847.

Leifer page 36

Anthony.

\$ 1,000.00

To W. S. Bristol.

June 21, 189

Date

The above draft may have a history. Let us suppose certain conditions and occurrences, and note the effects.

SUPPOSITION 1.—The Drawers, Bay & Heagler, desiring to raise some money, draw the draft and fill out the stub as above. The Drawee, W. S. Bristol, owes them on account for goods as per attached statement, itemized bills having been sent with the goods on dates named. The Drawers take the draft to their bankers, the Emporia Savings Bank, and receive credit for its face. The Savings Bank indorses it: "Pay the First National Bank of Anthony, Kan., or order, for collection. Emporia Savings Bank, H. Dunlap, Cashier." It is mailed to the bankers at Anthony, and when presented by the Anthony bank to Bristol, is accepted by him and paid at maturity, plus $\frac{1}{4}$ per cent. for collection. The Anthony bank then retains $\frac{1}{4}$ per cent. of its face, and sends to the Emporia bank a bank draft for \$1,001.25, drawn on the Merchants National Bank, Chicago.

The entry of the Drawers, under these circumstances, would be: Cash, To W. S. Bristol, \$1,000. The entry of the Savings Bank would be: Bills Receivable (or an equivalent account), To Bay & Heagler, and later, Cash, \$1,001.25 (or an equivalent for the draft, as Drafts Receivable), To Collection, \$1.25; Bills Receivable, \$1,000. The Anthony bank could enter a memorandum when the draft was received, and when collected and bank draft sent to the Emporia bank: Cash, \$1,002.50; To Merchants National Bank, \$1,001.25; Collection, \$1.25.

SUPPOSITION 2.—B. & H. draw the draft and leave it with the Savings Bank for collection. The Savings Bank sends it to its correspondent at Anthony, and it is presented to Bristol for payment; but he refuses, on the ground of error as to amount due. The Anthony bank returns the draft to the Emporia bank, and it is then returned to B. & H. In case of any charges, B. & H. pay same.

LETTER OF CREDIT.

The letter of credit is a draft drawn by one bank on another, usually in a different country, and which is honored not only by the bank on which it is drawn, but by any banking institution having business relations with the drawees.

The following is a copy of a letter of credit bought by Joseph L. Rice, in New York city, and used by him in the various European cities visited:

CIRCULAR LETTER OF CREDIT.

No. 8212.

ADDRESSED TO THE CORRESPONDENTS

OF

KNAUTH, NACHOD & KUHNE.

£300.

New York, August 14, 1891.

GENTLEMEN: We beg to introduce and commend to your kind attention Mr. JOSEPH L. RICE, to whom you will please furnish such funds as he may require, up to the aggregate amount of Three Hundred Pounds Sterling against his Sight-drafts on the Alliance Bank, Limited, London, each draft to be plainly marked as "Drawn on K. N. & K.'s L. Credit No. 8212."

We engage that such drafts shall meet with due honor in London, if negotiated within twelve (12) months from this date, and request you to buy them at the same rate at which you purchase demand drafts on London, deducting your charges, if any.

The amount of each draft must be inscribed on the back of this letter, and to this we wish to call your especial attention; the letter itself should be attached to the last draft drawn.

Please see to it that the drafts be signed in your presence and carefully compare the signature with the one below.

We are, gentlemen,

Your obedient servants,

Holder's Signature:

JOSEPH L. RICE.

KNAUTH, NACHOD & KUHNE.

Per OPPENHEIMER.

The back of the letter appears as follows:

Bankers will please inscribe payments in their order on these pages.

Date when paid.	By whom paid.	Name of town.	Amount paid, expressed in words.	Amount in figures.
1891.				
Aug. 24	Alliance Bank,	London.	Five Pounds.	£5
Sept. 2	Falcke & Co.,	Lucerne.	Five Pounds.	£5
Sept. 4	The same,	"	Ten Pounds.	£10
Sept. 19	Bank Populaire,	Interlaken.	Seven Pounds.	£7
Sept. 23	Zurcher Bankverein,	Zurich.	Ten Pounds Sterling.	£10
Sept. 29	Dutschka & Co.,	Vienna.	Six Pounds.	£6
Oct. 6	L. Loenwhurg,	Berne.	Eight Pounds.	£8
Oct. 7	do.	do.	Eight Pounds.	£8
Oct. 14	Paye Par Credit Lyonnais,	Paris.	Fifteen Pounds.	£15
Oct. 19	Alliance Bank,	London.	Twenty-five Pounds.	£25
Oct. 29	The Capital & Counties Bank, Limited,	Ventnor.	Twenty-one Pounds.	£21
				£120

AN ORDER FOR GOODS.

\$ 626 $\frac{37}{100}$	Chanute, Kan.,	Oct. 1 1900
Geo. W. Newman & Co.:		
Please deliver to J. S. O'Connor goods to the value of		
Six hundred twenty-six and 37/100		Dollars,
and charge to the account of		
No. 38	W. E. KOCH.	

An order differs from a draft in that it is for goods of some kind, while a draft is for money.

DUE-BILL FOR GOODS.

	Holton, Kan.,	April 20 1895
Due Paul Jones		
Forty-five		Dollars'
worth of goods from our store.		
\$ 45.00	PARKER & SMITH.	

A RECEIPT FOR MONEY RECEIVED ON ACCOUNT.

\$ 35.00	Independence, Kan.,	April 2 1898
Received from John Smith		
Thirty-five and no/100		Dollars,
on account.		
	S. M. NEES.	

RECEIPT FOR RENT.

No. 97	Emporia, Kan.,	Aug. 19 1898
Received of W. H. Keller		
the sum of Twenty-four and no/100		Dollars,
in full for 1 month's rent for		
No. 1017 Mechanics		Street, Emporia, Kan.,
for the month ending Sept. 6 1898		
<p><small>By the acceptance of this receipt, you are also hereby notified that when rent is not paid at our office, promptly for each and every month, you must vacate the premises within five days after such rent becomes due. This shall be a notice to vacate unless such condition is complied with, waiving all rights of further notice.</small></p>		
F. A. STEVENSON.		

No. 97	Emporia, Kan.,	Aug. 19 1898
Received of W. H. Keller		
the sum of Twenty-four and no/100		Dollars,
in full for 1 month's rent for		
No. 1017 Mechanics		Street, Emporia, Kan.,
for the month ending Sept. 6 1898		
<p><small>By the acceptance of this receipt, you are also hereby notified that when rent is not paid at our office, promptly for each and every month, you must vacate the premises within five days after such rent becomes due. This shall be a notice to vacate unless such condition is complied with, waiving all rights of further notice.</small></p>		
F. A. STEVENSON.		

QUESTIONS.

1. What is a bank check?
2. What are the parties to a check called?
3. Under what circumstances may a person draw a check on a bank where he has no money on deposit? *Ans.*
(a) When an agreement is made with the bank, which no banker ought to make, however, unless the individual gives his note and receives credit, which is virtually making a deposit. (b) When the check is drawn and the drawer goes at once and makes a deposit to meet the check. (c) When the drawer is a rascal and desires to go to the penitentiary for securing money under false pretenses.
4. What is a draft?
5. What are the probable relations of the parties?
6. What are the possible relations existing between the drawer and drawee?
7. What are the possible relations existing between the drawer and payee?
8. How many kinds of time drafts?
9. When are sight-drafts paid?
10. When are time drafts paid?
11. Why are drafts accepted?
12. When is it necessary to date the acceptance?
13. Describe a bank draft.
14. Name the parties to a promissory note.
15. Explain the various kinds of indorsements.
16. What is an order?
17. What is a circular letter of credit?
18. What is a receipt?
19. What is a due-bill?
20. Write four different kinds of notes, and explain differences.
21. What are foreign bills of exchange? Name their advantages.
22. How many different ways of sending \$25 to Boston?
23. Jan. 3, 1897, you drew a draft for \$800 at 10 days' sight on your debtor, E. L. Payne, Hutchinson, favor of John Madden, and sent same to Madden, less 13 days' discount, to apply on the account of your creditor, Chas. S. Davis. (a) What was your Journal entry? *Ans.* Chas. S. Davis, Discount, To E. L. Payne.
(b) What were Payne's entries? *Ans.* First, Student, To Bills Payable; second, Bills Payable, To Cash.
(c) What were Madden's Journal entries? *Ans.* First, Bills Receivable, To Discount, Chas. S. Davis; second, Cash, To Bills Receivable. (d) What is Davis's entry? *Ans.* Madden, to Student, the amount of draft less discount.
24. Write the draft described in 23, showing acceptance and indorsement.
25. Have you a collection of real business forms? If not, pluck up courage and make a collection.
26. To whom is an Acceptance a Bills Payable?
27. To whom is it a Bills Receivable?
28. To what party to a draft is it neither a Bills Payable nor a Bills Receivable?

EXERCISES IN JOURNALIZING NEGOTIABLE PAPER.

1. A. R. Taylor gave Frank Dyer, on account, his draft at sight on L. E. Wolfe, who owes Taylor, for \$400.
2. W. M. Davidson gave L. A. Lowther, in payment for merchandise, his draft at 30 days' sight on E. E. Heath, to whom he has sold real estate, for \$1,500.
3. John MacDonald drew a draft at 60 days after date on J. N. Engle, whose matured note he holds, in favor of B. F. Eyer, whom he owes, for \$600.
4. J. S. Parks received as a present from Frank Nelson a sight-draft drawn on Wm. Stryker for \$750.
5. A. B. Stroup drew a draft at sight, favor of himself, on W. C. Lansdon, who owes him on account, and deposited same in bank, for \$900.
6. Henry M. Thomas drew a draft in favor of himself at 90 days after date on Geo. H. Rising, his debtor, which Rising accepted and returned, for \$560.
7. E. F. Stanley received from L. G. Taylor, on account, a draft at 60 days' sight, drawn in L. G. Taylor's favor by A. S. Olin, and accepted by M. L. Field, for \$340.
8. M. A. Bailey received from T. M. Iden, on account, his note at 30 days, with interest at 10 per cent., and indorsed and sent same in payment of goods at its face value, \$1000, to F. B. Abbott & Co.
9. Newman & Co. cashed J. N. Wilkinson's sight-draft on J. J. Edwards for \$89, favor of J. J. Baker.
10. John Madden gave to F. S. Larabee, on account, a note at 30 days, made in his favor, for \$750, and a draft at 10 days' sight in favor of Madden, drawn by A. H. Turner.
11. Henry Amyx gave his draft at sight on Luke Torrance for \$300, to McConkey & Shelton, for their note at 10 days, with interest, for the same amount.
12. J. C. Wright exchanged notes with Arthur Bailey for mutual accommodation, each note made at 60 days, for \$340.
13. D. A. Ellsworth received of E. L. Payne, to apply on his note of the 5th inst., G. W. Kendrick's acceptance of W. C. Stevenson's draft, Payne's favor, accepted the 10th inst., at 30 days, and indorsed by Payne, for \$2,000.
14. On September 1, 1898, you discounted, at the Citizens Bank, S. H. Dodge's note of \$500, drawn July 1, 1898, receiving cash for one-half the proceeds and credit for the balance.
15. J. K. Hudson received of Theodore Roosevelt, to apply on the account of Frederick Funston, a New York bank draft for \$500; an order for goods to the amount of \$75 on Crosby & Co., Topeka; a receipt for one year's rent in Corn building, Topeka, \$500; a circular letter of credit drawn by Vermyle & Co., bankers, New York, addressed to their European and Asiatic correspondents, for £800; a post-office money-order for \$5; a sight-draft on F. H. Snow for \$100; a promissory note for \$175 at 8 months, with interest at 10 per cent., by C. F. Scott; a draft at 30 days from date, drawn by Charles Curtis on John Brown, favor of M. A. Bailey, for \$216, and properly indorsed.

SET D¹.

SEED BUSINESS.

APRIL.

OBJECTS.—(1) Use of Journal-Day Book, sometimes called Itemized Journal. (2) Journalizing. (3) Opening entry for a partnership. (4) Closing of Loss and Gain account when there are two partners.

INSTRUCTIONS.—(1) Observe carefully the arrangement of the model for Journal-Day Book. (2) Review the eight principles for determining debit and credit. Knowing them and knowing how to develop them, you will be able not only to journalize any transaction but be able to interpret the results shown by any account. (3) As this set is largely theoretical, you may keep an account with Mdse., instead of separate accounts with Timothy, Seed-corn, Millet, Wheat, Alfalfa, etc., which would be advisable in a practical business. (4) It is better to keep an account with each partner, as each is owed by the business the amount he puts into it, plus the gain or minus the loss for the time.

“Few things are impossible to skill and industry.”

“Dispatch is the soul of business, method the soul of dispatch.”

STEPS TAKEN IN WRITING SET D¹.

1. WRITE JOURNAL-DAY BOOK. As there are two proprietors, debit the resources and credit the liabilities of each, and debit or credit the proprietor with the difference, which is his net investment. Proprietors investing equal amounts generally share equally in the losses or gains, although circumstances or agreements may make the proportionate share to be anything.

2. POST. Open an account with each of the proprietors. A Stock account, which combines the investments of both, is sometimes used.

3. TAKE LEAD-PENCIL FOOTINGS OF ALL THE ACCOUNTS.

4. TAKE TRIAL BALANCE OF DIFFERENCES.

5. CLOSE ACCOUNTS SHOWING LOSSES OR GAINS.

6. CLOSE LOSS AND GAIN ACCOUNT, entering the net loss or net gain in two equal amounts, with the explanation, "Student's net gain" or "Student's net loss," and "Moses' net gain" or "Moses' net loss."

7. FILL OUT LOSS AND GAIN COLUMNS IN FINANCIAL STATEMENT.

8. CLOSE PROPRIETORS' ACCOUNTS.

9. FILL OUT RESOURCE AND LIABILITY COLUMNS IN BALANCE SHEET.

10. CLOSE ACCOUNTS REMAINING OPEN.

11. TAKE LAST TRIAL BALANCE, by comparing the faces of the accounts in Ledger with the amounts in Statement of Resources and Liabilities.

PARTNERSHIP FORMATIONS.

A partnership is a combination of the interests of two or more competent persons, who place their money, effects, services and skill, or some or all of them, in some business undertaking, and agree to divide or share the profits or losses in certain proportions.

The formation of the partnership may be:

1. Equal investments, and share equally in losses and gains, and worth equal amounts.
2. Equal investments, but because one partner does all the work, the gains shared unequally.
3. One partner puts his *experience* against the other's capital, and they share equally in the gains or losses, but have unequal worths.
4. A clerk with no capital is given a percentage of the profits, or even a share of the assets of the whole business, that he may be retained.
5. The partners make unequal investments, receive salaries which may vary as to amounts, and the net profits of the firm put into additional stock.
6. Partners fix a minimum amount which each must have invested all the time, and are paid interest on all above that amount which they may invest.
7. Partners charged a certain per cent. on all withdrawals of capital, and paid a per cent. on all investments, and losses and gains shared proportionately.
8. Unequal investments, and losses and gains shared equally—the partner investing the lesser amount paying interest to the partner having the greater amount, *on one-half the difference* between their investments.

JOURNAL-DAY BOOK.

(PLACE).....STATE, APR. 1, 189.....

	(Your name) and R. L. Moses began a seed business in partnership, with equal investments, and with the agreement that losses and gains are to be shared equally.								
	On deposit, First National,			Cash,	2620				
	Owes on account,			James Doty,	580				
	Investment of above resources,			(Your name),				3200	
	On hand,			Cash,	1100				
	Owes on account,			M. D. Wentworth,	600				
	Harry Harmon's note at 10 ds.,			Bills Receivable,	1500				
	Investment of above resources,			R. L. Moses,				3200	
2	Rent for April,			Expense,	35				
	Office furniture and books,			Expense,	30				
	Checks 1 and 2,			Cash,				65	
2	Bought of Prior & Co., Dayton:								
	150 bu. timothy, \$1.00,	150							
	200 " millet, 1.10,	220							
	500 " seed-corn, .50,	250		Mdse.,	620				
	Note at 60 ds.,			Bills Payable,				100	
	Balance,			Cash,				520	
3	Note at 21 ds. with interest,			Bills Receivable,	180				
	On account,			Jas. Doty,				180	
4	Sold John Taylor, Belton:								
	40 bu. timothy, \$1.50,	60							
	160 " yellow corn, .50,	80							
	15 " millet, 1.60,	24		Mdse.,				164	
	Note at 30 ds.,			Bills Receivable,	100				
	Balance,			Cash,	64				
8	Bought of W. Virgil, St. Louis:								
	40 bu. wheat, \$0.80,	32.00							
	60 " red clover, 6.00,	360.00							
	35 " alfalfa, 6.50,	227.50		Mdse.,	619	50			
	Check No. 3,			Cash,				119	50
	Note at 12 ds.,			Bills Payable,				500	
					8048	50	8048	50	

MEMORANDA.—SET D¹.*April.*

1. Student begins a seed business in partnership with R. L. Moses, investing equal amounts, and sharing the losses or gains equally. The firm name to be —— & Moses. You invest cash in First National Bank, \$2,620; James Doty, Garfield, owes you on account \$580. R. L. Moses invests cash, \$1,100; M. D. Wentworth, Rosedale, owes him on account \$600; Harry Harmon's note for \$1,500, at 10 days, with interest.
2. Pay Wm. Gray rent for April, by check, \$35. Buy office furniture and books of North & Co., 814 Market St., and pay for same by check, \$30. Buy from Prior & Co., Dayton, 150 bu. timothy seed at \$1, \$150; 200 bu. millet at \$1.10, \$220; 500 bu. seed corn at 50 cts., \$250. Total, \$620. Give your note of \$100 for 60 days in payment, and cash for the balance.
3. Receive James Doty's note for \$180 with interest at 21 days, to apply on his account.
4. Sell John Taylor, Belton: 40 bu. timothy seed at \$1.50, \$60; 160 bu. yellow corn at 50 cts., \$80; 15 bu. millet at \$1.60, \$24. Total, \$164. Receive in payment his note at 30 days \$100; cash for the balance.
8. Buy from W. Virgil, St. Louis: 40 bu. wheat at 80 cts., \$32; 60 bu. red clover seed at \$6, \$360; 35 bu. alfalfa clover seed at \$6.50, \$227.50. Total, \$619.50. In payment, give a check for \$119.50 and your note at 12 days for the balance.
13. Receive cash from Harry Harmon for his note of the 1st, and interest. Face of note, \$1,500; interest, 13 days, \$3.25.
15. Pay proceeds of your note of the 2d, favor Prior & Co., by check. Face of note, \$100; discount, 83 cts.; proceeds, \$99.17.
16. Receive from M. D. Wentworth, to apply on account, cash, \$200; his note for \$300 at 30 days, with interest.
17. Sell J. B. Lewis, Larson: 25 bu. wheat at \$1.25, \$31.25; 12 bu. red clover seed at \$7, \$84; 150 bu. corn at 60 cts., \$90; five bu. millet at \$1.60, \$8. Total, \$213.25. In payment, receive his note for \$150 at 15 days, with interest; balance on account.
19. Discount John Taylor's note of the 4th, and receive the proceeds in cash. Face of the note, \$100; discount, 30 cts.; proceeds, \$99.70.
20. Sell James Mann, 317 Walnut St.: 15 bu. red clover seed at \$7, \$105; 35 bu. millet at \$1.40, \$49. Total, \$154. Receive in payment his check on Citizens National Bank.
22. Buy from Prior & Co.: 400 bu. white oats at 35 cts., \$140; 440 bu. corn at 50 cts., \$220. Total, \$360. For which you give your note due in 15 days,
23. Sell John Bell, 917 Delaware St.: 5 bu. alfalfa clover seed at \$8, \$40; 75 bu. oats at 60 cts., \$45; 100 bu. corn at 60 cts., \$60. Total, \$145. Receive his note due in 30 days.
24. Pay proceeds of your note of the 22d, favor Prior & Co., by check. Face of note, \$360; discount, 16 days, 96 cts.
26. Sell I. E. George on account: 70 bu. millet at \$1.60, \$112; 12 bu. alfalfa clover seed, at \$8, \$96; 25 bu. timothy seed at \$1.25, \$31.25. Total, \$239.25.
27. Buy from Allen & Jones, St. Louis, on account: 75 bu. timothy seed at \$1, \$75. Receive cash of James Doty for his note of the 3d, and interest. Face of note, \$180; interest, 24 days, 72 cts.

28. Receive from James Doty, to balance his account, his note at 12 days, \$150; cash, \$250.

29. Buy from George Monroe, Bonner: 100 bu. wheat at \$1, \$100; 15 bu. alfalfa clover seed at \$6.50, \$97.50. Total, \$197.50. Give in payment James Doty's note of the 28th, less discount; balance by check. Face of note, \$150; discount, 14 days, 35 cts.; amount of check, \$47.85.

30. Sell office furniture for \$25. Pay James Bell's salary for April in cash, \$40.

INVENTORY.—160 bu. timothy seed.....@ \$1.00.
 75 bu. millet.....@ \$1.10.
 530 bu. corn.....@ 50 cts.
 15 bu. wheat.....@ 80 cts.
 33 bu. red clover seed.....@ \$6.00.
 18 bu. alfalfa clover seed.....@ \$6.50.
 325 bu. oats.....@ 35 cts.

QUESTIONS ON SET D¹.

1. What are the advantages of a Journal-Day Book?
2. Explain the opening entry when there are two or more proprietors.
3. What account is sometimes used instead of the various proprietors' accounts? What is the objection to its use?
4. Why enter the net loss or net gain in two equal amounts on the face of Loss & Gain account?
5. Why enter the net loss or net gain in two amounts on the Balance Sheet?
6. Why enter the worths of the proprietors in two amounts on the Balance Sheet?
7. How often is it customary to find the worths of the proprietors?
8. How often may the worth of the proprietors be found?
9. When is a firm insolvent? (See business terms defined, pp. 142-148.)
10. A. and B. form a partnership. A.'s liabilities are \$20 greater than his resources. B.'s liabilities are \$10 greater than his resources. Their interest is to be in proportion to their investment. They gain \$60. How much of it should each one get? *Ans.* B. is worth twice as much as A. Hence B.'s interest is $\frac{2}{3}$ and A.'s $\frac{1}{3}$. A. gets \$20, and B. \$40.
11. A., B. and C. form a partnership. A.'s liabilities are \$200 greater than his resources. B.'s liabilities exceed his resources, \$700. C.'s resources are \$100 less than his liabilities. They invest all their resources and liabilities, with the agreement that the interest of each in the business shall be in proportion to the investment. Give the proportionate interest of each. What must the firm gain to make it solvent? How much must be gained to make all of the partners solvent? *Ans.* \$8,050. Show why.

SET D².

MEMORANDA.

To be written like Set D¹.

April.

1. Student has formed a partnership with J. R. Bryce and E. B. Mitchell to carry on a seed business, each partner to share the gains or losses in proportion to his investment.
 Student's resources are: Cash on deposit in First National Bank, \$7,500; cash on hand, \$2,500; J. H. May's note, dated March 15, at 30 ds., \$500; M. A. Wilkes owes him on acct., \$500.
 Student's liabilities are: Note favor W. Dodd at 60 days., dated February 7, \$1,500; owes John Wade on account, \$500.
 Bryce's resources are: Cash on hand, \$15,000.
 Mitchell's resources are: Store and lot, valued at \$4,000; furniture and fixtures, \$500; J. L. Clark owes him on account, \$1,200; R. Munson owes on account, \$300.
 Mitchell's liabilities are: Note of 10 ds. favor Beach & Son, dated March 21, \$1,000.
1. Buy from Jay & Gregg, Springfield, 300 bu. timothy seed at 90 cts.; 120 bu. millet at \$1; 1,000 bu. white corn at 40 cts.; 350 bu. yellow seed-corn at 35 cts. Pay cash.
3. Pay Beach & Son's note of the 21st ult., with interest at 6%.
4. Sell Gray & Grove on account: 200 bu. timothy seed at \$1.10; 500 bu. white seed-corn at 50 cts.; 40 bu. millet at \$1.05. Deposit \$10,000 in bank. Buy from W. H. Sherman, Ottawa: 300 bu. timothy at 85 cts.; 150 bu. yellow corn at 35 cts.; 100 bu. millet at \$1.00; 1,500 bu. white corn at 40 cts.; 700 bu. wheat at 80 cts. Give in payment sight-draft on J. L. Clark for \$1,200; your check for \$67.50; balance on acct.
5. Sell D. E. Corning & Co., Westport: 1,000 bu. white seed corn at 50 cts.; 150 bu. timothy at \$1.20. They give in payment a note of \$600 against G. W. Newman & Co., due to-day, with interest at 6 % per annum for 93 days; they pay the interest and \$400 of the note, issuing a new note at 15 ds. for the balance. Corning & Co. pay cash for the balance of bill.
8. R. Munson pays cash on account, \$100. Gray & Grove, who owe us \$512 on acct., have compromised with their creditors at 65 cts. on the dollar, and pay us that proportion of their acct. in cash.
10. Jas. Overton buys for cash our entire stock of millet at \$1.20 per bu., and 200 bu. wheat at \$1.00.
11. Buy from W. C. Mick Kansas City: 50 bu. clover seed at \$5.00; 200 bu. yellow seed-corn at 35 cts.; 150 bu. rye at 50 cts.; 100 bu. choice white oats at 25 cts.; give in payment sight-draft on M. A. Wilkes. We pay the interest on W. Dodd's note, due to-day, paying also one-half the note in cash, and giving a new note at 30 ds. for the balance.

13. Sell J. M. Johnson, Topeka: 200 bu. wheat at \$1.05; 600 bu. yellow corn at 50 cts.; 800 bu. bu. white corn at 50 cts.; 100 bu. timothy seed at \$1.10; 25 bu. clover at \$8.00; 50 bu. rye at 60 cts. He gives in payment sight-draft on John Wade for \$500; draft at 10 days' sight on Neil & Co., Baxter Springs, for \$300; a note at 60 ds. for \$100; balance on acct.
17. Rec'd from J. H. Mays, interest on his note of March 15th and \$300 cash. He makes a new note at 45 ds. for the balance.
21. Sell J. H. Reynolds, Ashland: 25 bu. clover seed at \$8.00; 150 bu. timothy seed at \$1.10; 300 bu. wheat at \$1.10. Receive in payment, cash, \$500; balance on acct. Neil & Co. accept draft of April 13th. John Wade's account against us is settled by presenting J. M. Johnson's draft on him in favor of ourselves. Discount at 6% all notes outstanding.
24. Find worths of the proprietors; inventories at cost. Close books and make Balance Sheet.
25. Student and Mitchell decide to withdraw from the business, and it is agreed with Bryce that they may do so, taking their worths in cash, but the grain on hand, office fixtures and real estate are to be taken by Bryce at four-fifths their cost. Make the Journal entry for the withdrawal of Student and Mitchell.

As this set is somewhat difficult, the Journal and Ledger are shown on this and the following page.

April 1.				— 10 — 27 10 6.47 39106.97			
Cash,	10,000	✓		Cash,	416		416
Bills Receivable,	500			Merchandise,			
M. A. Wilkes,	500				— 11 —		
Bills Payable,		1,500		Merchandise,	420		
John Wade,		500		M. A. Wilkes,			420
Student,		9,000			— 11 —		
Cash,	15,000	15,000		Bills Payable,	1,500		
J. R. Brice,				Interest,	15 17		
Real Estate,	4,000			Cash,			765 75
Furniture and Fixtures,	500			Bills Payable,			750
J. L. Clark,	1,200				— 13 —		
R. Munson,	300			Cash,	500		
Bills Payable,		1,000		Bills Receivable,	700		
E. B. Mitchell,		5,000		J. M. Johnson,	50		
Merchandise,	912 50	912 50		Merchandise,			1,250
Cash,					— 17 —		
Bills Payable,	— 3 —	1,000		Cash,	302 75		
Interest,		2 17		Bills Receivable,	200		
Cash,		1,002 17		Bills Receivable,			500
				Interest,			2 75
Gray & Grove,	— 4 —	512			— 21 —		
Merchandise,		512		Cash,	500		
	— 4 —			J. H. Reynolds,	195		
Merchandise,	1,567 50			Merchandise,			635
J. L. Clark,		1,200			— 21 —		
Cash,		67 50		John Wade,	500		
W. H. Sherman,		300		Cash,			500
	— 5 —				— 21 —		
Bills Receivable,		200		Bills Payable,	750		
Cash,		480		Discount,			2 88
Merchandise,		680		Cash,			747 12
	— 8 —				— 25 —		
Cash,		100		Student,	8,911 09		
R. Munson,		100		E. B. Mitchell,	4,950 61		
	— 8 —			Cash,			13,861 70
Cash,	332 80	332 80					
Gray & Grove,					57,627 47		57,627 47

59 181
18.17

CASH.

1	10,000	912 50	2
1	15,000	1,002 17	3
5	480	67 50	4
8	100	765 75	11
8	332 80	500	21
10	416	747 12	21
13	500	13,861 70	21
17	302 75	17856 74	25
21	500		
	27631 55		

BILLS PAYABLE.

3	1,000	1,500	1
11	1,500	1,000	1
21	750	750	11
	3250	3250	

PERSONAL ACCOUNTS.

1	Wilkes,	500	500	Wade.	1
1	Munson,	300	1,200	J. L. Clark.	4
1	J. L. Clark,	1,200	300	Sherman.	4
4	Gray & Grove,	512	100	Munson.	8
13	J. M. Johnson,	50	332 80	Gray & Grove.	8
21	J. H. Reynolds,	195	179 20	G. & G., Loss.	8
21	Jno. Wade,	500	420	Wilkes.	11
		3257	3022		

DISCOUNT.

24	Gain,	2 88	2 88	21
		<u>2 88</u>	<u>2 88</u>	

BILLS RECEIVABLE.

1	500	500	17
5	200		
13	700		
17	200		
	1600		

REAL ESTATE.

1	4,000	4,000	Inventory.	24	
	<u>4,000</u>	<u>4,000</u>			
24	Inventory,	4,000	3,200	Inventory.	25
			800	Loss.	25
	<u>4,000</u>	<u>4,000</u>			
25	Inventory,	3,200			

FURNITURE AND FIXTURES.

1	500	500	Inventory.	24
	500	500		
24 Inventory,	500	400	Inventory.	25
		100	Loss.	
	500	500		
25 Inventory,	400			

MERCHANDISE.

1	912 50	512	4
4	1,567 50	680	5
11	420	416	10
	2900	1,250	13
24	Gain,	843	695
		3653	21
		190	Inventory.
	3,743	3,743	24
24	Inventory,	190	152
		38	Inventory.
			25
	190	190	Loss.
25	Inventory,	152	

INTEREST.

3	2 17	2 75	17
14	15 75	15 17 <i>Loss.</i>	24
	<u>17 92</u>	<u>17 92</u>	

LOSS AND GAIN.

8	Gray & Grove,	179 20	2 88	Discount.	24
24	Interest,	15 17	843	Merchandise.	
		194 37			
	Student's net gain,	202 19			
	Mitchell's net gain,	112 33			
	Brice's net gain,	336 99			
		<u>845 88</u>	<u>845 88</u>		
25	Merchandise,	38	291 10	Student's net loss.	
25	Real estate,	800	161 72	Mitchell's net loss.	
25	Furniture and fix.,	100	485 18	Brice's net loss.	
		<u>938</u>	<u>938</u>		

BRICE (Prop.)

25	Net loss,	485 18	15,000		1
25	Present worth,	14,851 81	336 99	Net gain.	24
		<u>15,336 99</u>	<u>15,336 99</u>		
			14,851 81	Present worth.	25

STUDENT (Prop.)

25	Net loss,	291 10	9,000		1
25	Present worth,	8,911 09	202 19	Net gain.	24
		<u>9,202 19</u>	<u>9,202 19</u>		
25		8,911 09	8,911 09	Present worth.	24

MITCHELL (Prop.)

25	Net loss,	161 72	5,000		1
25	Present worth,	4,950 61	112 33	Net gain.	24
		<u>5,112 33</u>	<u>5,112 33</u>		
25		4,950 61	4,950 61	Present worth.	25

SET E¹.

WHOLESALE AND RETAIL CARPET BUSINESS.

MAY AND JUNE.

OBJECTS.—(1) The keeping of a Double-Entry Cash Book. (2) The use of a Bills Receivable Book and Bills Payable Book, as auxiliary books. (3) The opening entry for a partnership when there is more than one original book of entry. (4) Posting from a Cash Book kept as a principal book. (5) The admission of a third partner, whose investment is different from that of the others, yet whose interest in the losses or gains is to be the same.

Deliver all things in number and weight, and put all in writing that thou givest out or receivest in.—*Ecclesiasticus*.

What advantage does he derive from a system of bookkeeping by double entry! It is among the finest inventions of the human mind; every prudent master of a house should introduce it into his economy.—“*Wilhelm Meister*”—*Goethe*.

INSTRUCTIONS FOR MAY AND JUNE.

1. All transactions involving a cash receipt or cash payment are entered in the Cash Book. (See model.) Cash received is entered on the left page and cash paid out on the right page. On the debit side of the Cash Book write an explanation of the transaction and the name of the account causing the cash to be received. This account must be credited in the Ledger. On the credit side of the Cash Book write an account of the transaction and the name of the account for which the payment of cash was made. Accounts named on the credit side of the Cash Book are debited in the Ledger. It will readily be seen that the Cash Book kept as a book from which entries are posted directly to the Ledger, very much shortens the work of posting. The Cash Book as a whole takes the place of a Cash account in the Ledger. When either page of a Cash Book is filled, draw a single line across the amount columns on the larger side, and draw one opposite to it across the amount columns on the other side, also draw a line under the last item on the smaller side; then foot in lead-pencil, then in ink, and carry to top of following pages.

2. All transactions not involving cash are entered in the Explanatory Journal as heretofore.

3. Have a time for everything, and do everything in its time; a place for everything, and keep everything in its place.

4. Be extremely particular regarding your writing, figures, and arrangement.

5. Ask your teacher which price-list to use. Use the same number of selling price-list as of buying price-list; *i. e.*, the use of the eighth buying price-list requires the use of the eighth selling price-list. To avoid errors, it would be well to copy the buying price-list used on a slip of paper and the selling price-list on the opposite side. Keep this before you in making your computations.

6. Keep no account with the bank.

7. Be able to write any note, check, draft or receipt spoken of in the set.

8. The Cash Book and Bill Books used for illustration on pages 68-71, may not be complete; hence the student should not copy them without reading the memoranda with care.

9. The second columns on both pages in a Cash Book are sometimes used for keeping a record of amounts deposited and withdrawn from the bank; also sometimes used for the monthly balances; thus keeping the receipts and payments for the month separate from the amount on hand at the beginning. If it is desired to keep a Cash account in the Ledger, the monthly cash balances may be posted—not the cash balance, for that is the amount of cash on hand, but the monthly cash balance which is the difference between the receipts and expenditures for the month.

STEPS TO BE TAKEN IN WRITING SET E¹.

-
1. JOURNALIZE, entering in Cash Book or Journal-Day Book, and posting each day. No Cash account is needed in the Ledger, as the Cash Book takes its place.
 2. RULE AND FOOT JOURNAL-DAY BOOK, and rule and foot Cash Book, at the end of each month.
 3. TAKE TRIAL BALANCE OF DIFFERENCES at the end of each month. The cash balance is carried from the Cash Book to the Trial Balance, also below the double rulings of the Cash Book.
 4. ENTER INVENTORIES AND CLOSE ACCOUNTS showing losses or gains.
 5. CLOSE LOSS & GAIN ACCOUNT, entering the net loss or net gain in two amounts, preparatory to carrying to the two proprietors' accounts.
 6. CLOSE THE PROPRIETORS' ACCOUNTS.
 7. MAKE A FINANCIAL STATEMENT in the Balance Sheet.
 8. SEE THAT AMOUNTS appearing in the Resource and Liability columns of Balance Sheet are the same as the faces of all open accounts. This will suffice for a Last Trial Balance, and the Balance Sheet will contain six columns only.
 9. AT END OF JUNE CLOSE ALL ACCOUNTS.
 10. As a note is received or given out, issued or redeemed, the proper record may be made in the Bill Book, which is usually used as an auxiliary or reference book.

CASH BOOK (Illustrative).

CASH

189....								
May	1	Investment,	Student,		3,300			
"	1	"	C. L. Brown,		3,000			
"	4	Sold J. R. Keel,	Mdse.,		235			
"	9	On Ray's invoice,	J. J. Ray,		250			
"	13	On Keel's acceptance of 7th,	Bills Receivable,		200			
"	15	Morris's acceptance of 9th,	Bills Receivable,		200			
"	19	On invoice to J. J. Ray,	J. J. Ray,		72	50		
"	20	Ray's acceptance of the 13th,	Bills Receivable,		100			
					7357	50		
					7,357	50		
May	21		Balance,		4,973	49		

BOOK.

189....							
May	3	On bill this date,	Fisher & Co.,		700		
"	11	Our acceptance of the 5th,	Bills Payable,		300		
"	11	On account,	E. Noles,		100		
"	12	Acceptance of the 6th,	Bills Payable,		720		
"	12	Clerk's salary, one week,	Expense,		13		
"	14	Acceptance favor W. I. Chaney,	Bills Payable,		100		
"	14	Drew for private use,	C. L. Brown,		75		
"	15	Paid store rent,	Expense,		30		
"	20	On Ray's acceptance,	Discount,			43	
"	21	Paid note of 10th, with interest,	Bills Payable.		345		
"	21	On note to Stout & Co.,	Interest,			58	
					2884	01	
May	21		Balance,		4,973	49	
					7,357	50	

BILL BOOK (Illustrative).

BILLS

No.	When Issued.		How Liable.		Drawer.	In Whose Favor.	For What Given.	Where Payable.
			Maker.	Acceptor.				
1	May	5		Student & Brown.	Stout & Co.	E. Randolph.	On acct.	First Nat'l Bank.
2	"	6		"	"	R. A. Nichols.	"	
3	"	8	Student & Brown.			Fisher & Co.	Mdse.	
4	"	8			Means & Co.	W. L. Chaney.	On acct.	
5	"	11	Student & Brown.			Stout & Co.	Mdse.	
6	"	26	"			Miller & Co.	On acct.	
7	"	26	"			"	"	

BILLS

Our No.	When Received.		Maker's No.	Drawer or Indorser.	Drawee or Maker.	In Whose Favor.	For What Paid.	Where Payable.
1	May	7	495	Student & Brown.	J. R. Keel.	Student & Brown.	On acct.	His office.
2	"	9	—	Student & Brown.	Morris & Co.	"	"	
3	"	9	C		B. R. Evans.	"	Mdse.	
4	"	13		Student & Brown.	J. J. Ray.	"	On acct.	
5	"	18		Student & Brown.	J. J. Ray.	"	"	
6	"	19			J. J. Ray.	"	Mdse.	
7	"	23			B. R. Evans.	"	"	

PAYABLE.

Date.			Time.	When Due.													Amount.		When and How Paid.		
Yr.	Mo.	Day.			J.	F.	M.	A.	M.	J.	J.	A.	S.	O.	N.	D.					
1897	May	5	3 days.	1897					11								Int. 300	6%	May	11	Cash.
"	"	6	3 days.	"					12								720		"	12	"
"	"	8	10 days.	"					21								Int. 50	6%	"	21	"
"	"	8	3 days.	"					14								100		"	14	"
"	"	11	7 days.	"					21								Int. 345	6%	"	21	"
"	"	26	30 days.	"						28							Int. 1,200	6%			
"	"	26	60 days.	"							28						1,300				

RECEIVABLE.

Date.			Time.	When Due.													Amount.		When and How Paid.		
Yr.	Mo.	Day.			J.	F.	M.	A.	M.	J.	J.	A.	S.	O.	N.	D.					
1897	May	7	3 days.	1897					13								200		May	13	Cash.
"	"	9	3 days.	"					15								200		"	15	"
"	"	9	10 days.	"					23								Int. 470	6%	"	23	"
"	"	13	30 days.	"						15							100		"	20	Discounted.
"	"	17	10 days.	"					30								150		"	30	Cash.
"	"	19	10 days.	"						1							100				
"	"	23	60 days.	"							25						436	50			

BUYING PRICE-LIST FOR SET E¹.

DESCRIPTION.	QUANTITY.	1	2	3	4	5	6	7	8	9	10
Moquette,	Yard,	1.20	1.18	1.25	1.25	1.40	1.15	1.17 $\frac{1}{4}$	1.15	1.16 $\frac{2}{3}$	1.20
Body Brussels,	Yard,	1.10	1.05	1.07	1.20	1.17	1.07	1.20	1.10	1.15	1.16 $\frac{2}{3}$
Ingrain,	Yard,	.60	.65	.70	.75	.62 $\frac{1}{2}$	.55	.80	.66 $\frac{2}{3}$	.69	.64
Matting,	Yard,	.45	.55	.37 $\frac{1}{2}$	.65	.60	.40	.43	.50	.53	.49
Lining,	Yard,	.05	.09	.12	.10	.20	.15	.16 $\frac{2}{3}$	.10	.06	.09
Tapestry Brussels,	Yard,	.65	.50	.55	.70	.80	.75	.63	.58	.45	.60
Oilcloth,	Yard,	.35	.30	.33 $\frac{1}{3}$	.39	.43	.48	.40	.45	.37 $\frac{1}{2}$	.30
Wilton,	Yard,	2.00	2.16 $\frac{2}{3}$	2.57 $\frac{1}{2}$	2.66 $\frac{2}{3}$	2.20	2.17	2.50	2.65	2.45	2.17
Linoleum,	Yard,	.65	.55	.50	.75	.85	.83	.85	.53	.66 $\frac{2}{3}$	.65

SELLING PRICE-LIST FOR SET E¹.

DESCRIPTION.	QUANTITY.	1	2	3	4	5	6	7	8	9	10
Moquette,	Yard,	1.35	1.37 $\frac{1}{2}$	1.40	1.52	1.32	1.33 $\frac{1}{3}$	1.25	1.27	1.35	1.42
Body Brussels,	Yard,	1.30	1.16 $\frac{2}{3}$	1.35	1.25	1.33 $\frac{1}{3}$	1.23	1.35	1.25	1.43	1.30
Ingrain,	Yard,	.70	.73	.79	.88	.75	.67 $\frac{1}{2}$	.85	.75	.74	.75
Matting,	Yard,	.55	.65	.67 $\frac{1}{2}$	.66 $\frac{2}{3}$	.72	.50	.49	.63	.60	.56
Lining,	Yard,	.08	.12	.16 $\frac{2}{3}$	.12 $\frac{1}{2}$	.25	.16 $\frac{2}{3}$	.19	.12 $\frac{1}{2}$	.08	.12 $\frac{1}{2}$
Tapestry Brussels,	Yard,	.85	.73	.65	.74	.87 $\frac{1}{2}$	.80	.75	.67	.51 $\frac{1}{2}$	.67 $\frac{1}{2}$
Oilcloth,	Yard,	.45	.37 $\frac{1}{2}$	.45	.50	.56	.60	.47 $\frac{1}{2}$	.66 $\frac{2}{3}$	.50	.43
Wilton,	Yard,	2.50	2.75	2.95	3.00	2.85	2.50	3.00	3.25	3.05	2.98
Linoleum,	Yard,	.80	.65	.70	.85	1.00	.97	1.00	.75	.87 $\frac{1}{2}$	.90

MEMORANDA.—SET E¹.*May.*

1. Student and C. L. Brown have this day formed a copartnership, under the firm name of Student & Brown, for the purpose of conducting a carpet business. The partners invest equal amounts, and are to share equally in gains and losses. In consideration of extra service. Student is to be paid by the firm a salary of \$75 a month.
1. Student invests cash, \$3,300. Student owes E. Noles, Beatrice, on account, \$300, which is to be paid from the business. C. L. Brown invests cash, \$3,000.
2. Bot. of Stout & Co., St. Louis, on account: 500 yds. moquette; 1,200 yds. matting; 2,000 yds. lining; 800 yds. ingrain.
3. Opened an account at First National Bank, and deposited cash, \$4,000.

NOTE.—In this set we will keep no account with the bank in our Ledger, as cash in bank is as much on hand as if it were in our safe. When making a deposit we fill out a slip like the following, and hand it to the receiving teller, together with the various forms of money. He then enters the amount of our deposit in a pass-book and hands the book to us. At the end of each month we leave the pass-book at the bank. It is then "written up" or balanced, and returned to us with the checks we have drawn during the month.

DEPOSIT SLIP.

First National Bank		
OF.....		
Deposited for account of		
Student & Brown.		
.....		
May 3		
189.....		
Currency	2,000	
Silver	100	
Gold	1,000	
Checks	900	
5	\$4,000	
600		
200		
70		
5		
20		
900		

3. Bought of Fisher & Co., New York: 700 yds. linoleum; 900 yds. oilcloth; 300 yds. Wilton; 100 yds. tapestry Brussels. Gave in payment, cash, \$700, balance on account.

NOTE.—There are two methods of disposing of this transaction when keeping a Cash Book and Journal as coördinate books of original entry. First, debit Mdse. and credit Fisher & Co. with the full amount of the bill in the Journal; then debit Fisher & Co. and credit Cash in the Cash Book for the amount of the cash payment. Second, debit Mdse. and credit Fisher & Co. for the balance on account in the Journal; then debit Mdse. for the cash payment in the Cash Book. The first plan is the better for this set.

4. Sold J. R. Keel, St. Joe, for cash: 500 yds. lining; 200 yds. matting; 100 yds. oilcloth; 50 yds. linoleum.

4. Engaged a clerk at \$13 a week.
(Memorandum only; no Journal entry required.)
5. Bought of Means & Co., Philadelphia, on account: 100 yds. body Brussels; 50 yds. tapestry Brussels.
5. Accepted Stout & Co.'s draft on us, at 3 days, favor of E. Randolph, \$300.
5. Sold J. R. Keel, on account: 100 yds. moquette; 200 yds. ingrain; 400 yds. lining; 75 yds. tapestry Brussels.
6. Accepted Stout & Co.'s draft on us, at 3 days, favor R. A. Nichols, \$720.
7. Sold Morris & Co., Omaha, on account: 50 yds. body Brussels; 75 yds. Wilton; 150 yds. lining.
7. Drew a draft at 3 days' sight on J. R. Keel, favor of ourselves, which he accepted, \$200.
8. Bought of Fisher & Co.: 100 yds. lining; 50 yds. tapestry Brussels. Gave in payment our note at 10 days, with interest, \$20; balance on account.
8. Accepted Means & Co.'s draft on us, at 3 days, favor of W. I. Chaney, \$100.
9. Drew a draft at 3 days on Morris & Co., favor of ourselves, which they accepted, \$200.
9. Sold J. J. Ray, Norton: 500 yds. matting; 300 yds. oilcloth; 200 yds. ingrain. Received in payment his check on Second National Bank, \$250; balance on account.
9. Sold B. R. Evans, Lincoln: 500 yds. lining; 300 yds. ingrain; 400 yds. matting. Received in payment his note at 10 days, with interest.
11. Bought of Stout & Co.: 200 yds. ingrain; 500 yds. matting. Gave in payment our note at 7 days, with interest.
11. Paid our acceptance of 5th inst., favor E. Randolph, due to-day, in cash, \$300.
11. Paid E. Noles on account, by our check, \$100.
12. Paid our acceptance of 6th inst., favor of Stout & Co., due to-day, \$720.
12. Paid clerk's salary for the week, in cash, \$13.
13. Received cash of J. R. Keel for his acceptance of 7th inst., due to-day, \$200.
13. Drew a draft at 30 days on J. J. Ray, favor of ourselves, which he accepted, \$100.
14. Paid our acceptance of the 8th inst., favor W. I. Chaney, due to-day, by our check on the First National Bank, \$100.
14. C. L. Brown drew from the business for his private use, by our check on the First National Bank, \$75.

NOTE.—Debit C. L. Brown, Private.

15. Paid rent of store by our check on First National Bank, \$30.
15. Received Morris & Co.'s check on Farmers' Bank, for their acceptance of 9th inst., due to-day, \$200.
16. Bought of Miller & Co., on account, at 10 days, the block corner 11th and Congress, \$3,000.
16. Accepted Means & Co.'s draft on us, at 3 days, favor themselves, to balance account.
16. Drew a draft at 10 days' sight on J. J. Ray, favor of ourselves, and sent it to him to be accepted and returned. Amount of draft, \$150.

NOTE.—This is to be merely a memorandum, no Journal entry being required until draft is returned. You will, therefore, make no entry until the draft is returned accepted.

18. J. J. Ray returned draft accepted. Date of acceptance, May 17.
19. Sold J. J. Ray: 50 yds. moquette; 50 yds. Wilton; 100 yds. linoleum. Received in payment, cash, \$72.50; his note at 10 days, \$100; balance on account.
20. Had J. J. Ray's acceptance of 13th inst. discounted at First National Bank. Received cash for net proceeds.
21. Paid our note of the 11th inst., favor Stout & Co., due to-day, with interest, in cash.
21. Paid our note of 8th inst. in favor of Fisher & Co., due to-day, with interest, in cash.
21. Bought of Means & Co., on account, 100 yds. ingrain.
22. Paid our acceptance of the 16th inst., favor of Means & Co., due to-day, in cash.
22. Received cash of B. R. Evans for his note of the 9th inst., due to-day, with interest.
23. Sold B. R. Evans 300 yds. lining; 300 yds. matting; 400 yds. oilcloth; 50 yds. moquette. Received in payment his note at 60 days.
25. Accepted Means & Co.'s draft on us at 6 days, favor of themselves, for amount of bill of 21st inst.

26. Gave Miller & Co., on account, our note at 30 days, with interest, \$1,200; our check on First National Bank, \$500; accepted their draft on us at 60 days, favor of themselves, to balance their account, \$1,300.
27. Student drew from the business for private use, 75 yds. Wilton; 200 yds. lining; 50 yds. tapestry Brussels.
28. Paid clerk's salary for the week, in cash, \$13.
29. Sold S. A. Jones, Rockport, on account: 400 yds. linoleum; 200 yds. moquette.
31. Paid Student his salary for extra service for the month, in cash, \$75.

INVENTORY.— (Estimate present value at cost.)

150 yds. moquette.	75 yds. tapestry Brussels.
50 yds. body Brussels.	100 yds. oilcloth.
400 yds. ingrain.	100 yds. Wilton.
300 yds. matting.	150 yds. linoleum.
1,200 yds. lining.	Real estate, now valued at \$2,500.

June.

1. J. C. Cross has this day been admitted as a partner in the business of Student and C. L. Brown, the name of the firm to be Student, Brown & Co., the gains and losses to be shared equally.
 1. J. C. Cross invests cash on deposit in First National Bank, \$5,500.
- NOTE.—Cross will be worth more than the others, although sharing equally with them in the losses and gains.
1. Received of J. J. Ray, for his note of the 19th ult., due to-day, \$100.
 1. Bought of Fisher & Co.: 25 yds. body Brussels; 100 yds. matting; 25 yds. tapestry Brussels. Accepted his draft on us at 60 days, favor M. W. Fuller, \$50. Balance on account.
 3. Paid our acceptance of the 25th ult., favor Means & Co., due to-day, by our check on First National Bank.
 3. Sold L. A. Roberts, Minneapolis, on account: 50 yds. Wilton; 100 yds. lining; 25 yds. linoleum.
 4. Accepted Fisher & Co.'s draft on us at 10 days sight, favor E. H. Hartman, payable at First National Bank, \$200.
 5. Paid cash for repairing house on our block, \$100. (Debit Real Estate.)
 6. Drew a draft at 30 days' sight on L. A. Roberts, favor of ourselves, \$100, and discounted same at First National Bank. Proceeds placed to our credit.
 7. Paid Fisher & Co.'s account in full, by our check on First National Bank.
 7. Received cash of L. A. Roberts, to balance account.
 8. Bought a desk and chair for office for cash, \$30.
 8. Bought of Means & Co., 25 yds. body Brussels. Gave in payment our note at six days, with interest.
 9. Sold Martin & Martin, Denver: 100 yds. lining; 200 yds. ingrain; 50 yds. Wilton. Received in payment their note at six days, with interest, \$200. Balance on account.
 10. Paid E. Noles's sight-draft on us, by our check on First National Bank, \$100.
 10. Bought a sight-draft on New York, \$500. Exchange at $\frac{1}{2}\%$, \$1. Paid for same by our check on First National Bank, \$501. Sent draft to Stout & Co. on account.
 11. Accepted Fisher & Co.'s draft on us at 20 days' sight, favor R. Reme, payable at First National Bank, \$100.
 12. Prepaid our acceptance of 1st inst., favor M. W. Fuller. Paid the proceeds by our check on First National Bank.
 12. Sold L. A. Roberts, on account: 75 yds. oilcloth; 50 yds. moquette.
 13. Bought of Means & Co.: 1,000 yds. lining; 50 yds. oilcloth; 50 yds. Wilton. Gave in payment, cash, \$15; balance on account.
 14. Drew draft at 30 days' sight on S. A. Jones, and sent it to Means & Co. on account, less discount. Face of draft, \$100; discount off to maturity, 33 days, 55 cts.
 14. Paid Fisher & Co.'s sight-draft on us, by our check on First National Bank, \$100.
 15. Received of L. A. Roberts his note for 30 days, to balance account.

16. Gave Means & Co., on account, the note received from L. A. Roberts 15th inst. Discounted, and charged proceeds to their account.
 17. Paid our note of the 8th inst., favor Means & Co., due to-day, with interest, in cash.
 17. Our acceptance of the 4th inst., favor E. H. Hartman, due to-day, has been charged to our account at First National Bank.
 18. Received cash of Martin & Martin, for their note of 9th inst., due to-day, with interest.
 20. Bought of Stout & Co.: 50 yds. Wilton; 500 yds. lining. Gave in payment our check on First National Bank.
 21. Sold S. A. Jones: 500 yds. matting; 75 yds. ingrain; 25 yds. tapestry; 100 yds. moquette. Received in payment, cash, \$100; his note at 3 days, \$50; balance on account.
 23. Drew a sight-draft on S. A. Jones and sent to E. Noles on account, \$100.
 24. Sold L. A. Roberts, on account: 100 yds. body Brussels; 50 yds. oilcloth.
 24. Prepaid our acceptance of the 26th ult., favor Miller & Co. Face of acceptance, \$1,300. Discount off, 34 days, \$7.37. Paid proceeds in cash.
 25. Paid E. Noles cash to balance his account.
 26. Sold S. Oldman, Beloit, for cash, 50 yds. body Brussels.
 27. Received of S. A. Jones, cash for his note of 21st inst., due to-day.
 27. Deposited all money on hand in First National Bank. (Superfluous if no bank account.)
- NOTE.—Post all cash items to this date and find the difference between the sides of Cash account.
28. Paid our note of 26th ult., favor Miller & Co., due to-day, with interest, by our check on First National Bank.
 28. Received of S. A. Jones his check on Citizens Bank to balance account.

INVENTORY.

50 yds. body Brussels.	50 yds. Wilton.
125 yds. ingrain.	125 yds. linoleum.
200 yds. matting.	Real estate valued at \$3,000.
75 yds. tapestry Brussels.	Office desk and chair, \$25.
75 yds. oilcloth.	

 QUESTIONS ON SET E¹.

1. What is a Cash Book?
2. How is a Double-Entry Cash Book kept?
3. Does a Cash Book make a Cash account in the Ledger unnecessary?
4. Which side of a Cash Book is the larger, if either?
5. All accounts named on the debit side of the Cash Book are posted to which side of the accounts in the Ledger?
6. From the credit side of the Cash Book, you post to which side of the accounts named?
7. What is the purpose of a Bills Receivable Book? Of a Bills Payable Book?
8. Explain the ruling of a Cash Book.
9. Suppose the right page of a Cash Book to be full, and but a few items on the debit side: what should you do?
Ans. Draw a single line across the amount columns on the credit side, and draw one opposite to it across the amount columns on the debit side; also draw a single line under the last item on the debit side. Foot in pencil, then in ink, and carry to top of columns on succeeding pages.
10. Explain the conditions and results shown by each of the accounts for May and June.
11. Is the balance of Bills Receivable account the same as the sum of the unpaid notes shown in your Bills Receivable Book?
12. Is the sum of notes unredeemed, as shown by your Bills Payable Book, the same as the balance of Bills Payable account?
13. For what purpose may the second columns in a Cash Book be used?
14. When keeping a Cash Book, how may a Cash account be kept?

SUPPLEMENTARY SET E².

May.

1. Jesse Bright began business with the following resources and liabilities: Resources—Mdse., \$1,000; John Smith, on account, \$500; bills receivable, notes on hand, \$600; cash, \$700. Liabilities—Owes Peter Cooper, on account, \$200; bills payable, notes outstanding, \$300.
2. Bought \$500 worth of mdse. of A. Mann, giving in payment a draft drawn on John Smith at 10 days' sight for \$500, at 13 days' discount and cash to balance.
3. Sold mdse. to S. Somebody, invoiced at \$600. Received in payment a bank draft drawn this date, by D. M. Davis, cashier of First National Bank, Emporia, Kan., on First National Bank, New York, in our favor.
4. Drew a sight-draft on N. O. Good for \$600, the amount of his notes in our possession now due. Cashed same at bank, less $\frac{1}{4}\%$ for collection.
5. Bought for cash, at Citizens Bank of Emporia, a draft drawn on Metropolitan Bank, at Kansas City, Mo., for \$300, paying for same $\frac{1}{8}\%$ exchange, and sent same to John Johnson, Somewhere, in payment of our notes for \$300, now due.
6. Paid Peter Cooper on account, \$90 in cash; mdse. valued at \$60; and gave him our note at 10 days, drawing 10% interest, for balance.

INVENTORY.—Mdse., \$5. Found present worth.

8. Admitted W. Holtzschue as a partner without investment, giving a half interest in the net assets of the business. (Debit Bright and credit Holtzschue for one-half of Bright's worth.)
 9. Bought of Edmund Stanley, on account, at 10 days, merchandise invoiced at \$3,000.
 10. Sold merchandise to E. C. Little, billed at \$1,800, taking in payment a bank draft for \$1,000, a sight-draft on John Madden for \$500, a note, at 30 days, given by W. E. Bray, May 1, for \$300, drawing interest at 10%.
 11. Sold mdse., for cash, \$2,000. Mdse. inventory this date, \$800.
 12. Admitted M. F. Knappenberger as a partner, with a one-third interest in the capital of the firm, on payment of \$1,000, in cash.
 13. Sold merchandise for cash, \$600. Discounted Bray's note at the bank, receiving cash for the proceeds.
 15. Bought sugar in warehouse at San Francisco, paying \$1,200.
 16. Received cash for sight-draft on John Madden.
 19. Sold sugar, by telegraph, for \$1,800, receiving Western Union check for the amount. Paid Edmund Stanley cash in full of account.
 20. Sold all mdse. on hand for \$300, cash.
 21. Found worths of proprietors.
-

SUPPLEMENTARY SET E³.

June.

1. Wm. Brunswick, proprietor of Sunny Slope farm, Rosedale, began to keep books this date
His resources and liabilities were as follows :

RESOURCES.

- Cash, \$300.
- Robt. Mansfield owed on account, \$75.
- Real Estate : 100 acres cultivated land, at \$200 ; 200 acres timber land, at \$75 ; dwelling, barn, and other improvements, \$2,000.
- Live Stock : 6 horses, at \$100 each ; 8 colts, at \$40 ; 6 milch cows, at \$50 ; 100 head of Holstein cattle, at \$75 ; 6 hogs, at \$7 ; 5 goats, at \$3.
- Poultry : 100 chickens, worth \$20 ; 50 turkeys, \$25 ; 40 ducks, \$8.
- Produce : 50 bu. wheat, at 90 cts. ; 500 bu. corn, at 35 cts. ; 120 bu. oats, at 40 cts. ; 75 bu. potatoes, at 60 cts. ; 15 tons hay, at \$8.
- Farm Implements : 1 two-horse Studebaker wagon, \$100 ; 1 family carriage, \$250 ; 2 plows, \$30 ; cultivator, \$50 ; 1 shovel plow, \$15 ; other utensils, \$25.

LIABILITIES.

- Mortgage on farm, due in four years, dated May 1, 1897, with interest at 8%, \$3,000 ; owe Campbell & Co. on account, \$60.
3. Sold to R. Frost, 1 two-horse harrow for \$13, cash.
 5. Sold to Cooper & Co., for cash, 3 dozen chickens, at \$3 ; 20 lbs. butter, at 15 cts. ; 12 bu. potatoes, at 75 cts.
 8. Paid man for fixing fences, \$10 cash. Paid cash to W. M. Mann for groceries, \$6.50.
 12. Sold 25 bu. apples, at 50 cts., to H. H. Kern for cash. Bought on account from J. B. Hinkle, 3 Berkshire hogs, at \$12.
 20. Bought for cash 12 bu. seed-corn, at 50 cts. Paid boy for plowing, 5 days, at 75 cts.
 25. Paid man for planting corn, 6 days, at \$1. Paid hired man, for month's wages, \$35.

July.

1. Sold for cash 6 bu. cherries, at \$3. Dug and hauled to market 15 bu. early potatoes, for which was received \$1 per bushel, in cash.
9. Paid cash for groceries, \$5 ; dry-goods, \$10 ; paid one year's subscription to *Rosedale Gazette*, \$2. Paid yearly contribution to church, \$25.
21. Sold Martin & Co., 20 doz. eggs, at 10 cts. ; 25 lbs. butter, at 20 cts. ; 6 doz. spring chickens, at \$3. Received in payment 25 lbs. sugar, at 10 cts. ; 30 lbs. coffee, at 20 cts. ; 3 sacks flour, at \$1. Balance in cash.

NOTE.—Enter in C. B., crediting Produce \$25, and debiting Family Expenses \$11.50. Cash takes care of itself.

Do you see how?

25. Paid in cash hired man's salary for month of July, \$35.

August.

3. Sold B. F. Butler for cash, 10 hogs, at \$12 per head.

15. Paid cash for shoeing horses and repairing cultivator, \$6.
16. Sold at market for cash, garden products to the amount of \$7. Sold T. M. Wilkes on account, 15 bu. turnips, at 20 cts.; 100 heads cabbage, at 6 cts.
24. Bought of H. H. Kern on account, young fruit-trees, as follows: 75 peach, 150 apple, 30 cherry, and 12 pear. Paid 25 cts. each. Paid man for transplanting same, \$5 in cash. (Orchard account.)
25. Paid hired man wages for August, \$35; paid cash for groceries, \$9.

September.

3. Paid cash for children's school books, \$9.75.
9. Sold to S. P. Bell for cash, 100 head Holstein cattle, at \$150 per head. Paid freight on same in cash, \$40.
18. Bought for cash, 150 head of cattle at \$40 per head.
27. Paid hired man's wages for September in cash, \$35.

October.

2. Sold for cash: 1,600 bu. corn, at 30 cts.; 900 bu. apples, at 60 cts.; 150 bu. potatoes, at 50 cts.
19. Bought of Jenkins Bros., Kansas City, for cash, 1 piano, \$250.
25. Bought of D. R. Stern, clothing and dry-goods to the amount of \$115, and paid for same in cash.

November.

1. Paid J. B. Hinkle \$36, in full of account.
19. Received cash from T. M. Wilkes on account, \$9.
22. Paid Slater Bros. cash for papering house, \$25.

December.

8. Sold 3 head horses for \$500 cash.
22. Sold 5 doz. turkeys, at \$10; 6 doz. chickens, at \$4.50; 3 doz. ducks, at \$5.
24. Paid \$75 cash for Christmas presents; railroad ticket to St. Louis, \$7, for wife.

29. INVENTORY. (Close of year.)

Real estate valued at \$37,800; orchard at cost.
 Live stock: 150 cattle, valued at \$50 each.
 3 horses, valued at \$125 each.
 6 colts, valued at \$90 each.
 6 milch cows, at \$50 each.
 4 hogs, valued at \$5 each.
 Poultry: 95 chickens, valued at \$15.
 12 turkeys, valued at \$6.
 20 ducks, valued at \$5.

Produce: 600 bu. wheat, at 90 cts. per bu.
 700 bu. corn, at 50 cts. per bu.
 700 bu. potatoes, at 60 cts. per bu.
 250 bu. apples, at \$1 per bu.
 25 tons hay, at \$9 per ton.
 Farm implements, valued at \$400.

SET F¹.

TEA, COFFEE AND SPICE BUSINESS.

JULY, AUGUST AND SEPTEMBER.

OBJECTS.—(1) Opening and closing books. (2) Drill in writing business forms. (3) Use of a Cash Book, Sales Book, Invoice Book, Journal, Ledger, and Balance Sheet.

INSTRUCTIONS.—All cash received or paid out is entered in the Cash Book. No cash account is kept in the Ledger. The balance on hand as shown by the Cash Book is carried to the Trial Balance when it is desired to take a Trial Balance.

All sales are entered in the Sales Book. If the sale is for cash, the amount must be carried from the Sales Book to the Cash Book, and the page of the Cash Book and the letter C put in the Sales Book check-mark column, and the page of the Sales Book with the letter S put in the Cash Book check-mark column. The total of the Sales Book is posted to the credit side of Merchandise account in the Ledger.

The Invoice Book is the opposite of the Sales Book. In it are entered all purchases of merchandise. The usual plan in business is to have a large book in which the bills are pasted when received and the amounts carried into a money column to the right of the page. The footings are carried forward from page to page and posted to the debit side of Merchandise account at stated times. The parties from whom the goods are purchased are credited directly from the Invoice Book, and page check placed by their names on the bill. The student may keep the form given in this set, which will illustrate its advantages as a time saver.

In case of cash purchases, carry from Invoice Book to the credit side of the Cash Book, and check in Cash Book with I and page of Invoice Book, and check in Invoice Book with C and the page of Cash Book. The ruling of Cash Book, Sales Book, Invoice Book and Journal are all the same, the Cash Book, however, filling two opposite pages and keeping totals opposite, while the others fill but one page at a time.

In placing in the Ledger the page from which the item came, add the first letter of the Book as well, as C⁴, I⁶, S², J⁶.

“Custom in youth becomes nature in maturity.”

Accuracy, order and dispatch are primary elements of success. These may be achieved by energy and perseverance, discretion and judgment, sagacity and shrewdness, courtesy and civility, integrity and fidelity, courage and fortitude.—*Caton*.

STEPS TO BE TAKEN IN WRITING SET F¹.

1. ENTER THE TRANSACTIONS IN PROPER FORM in the original books of entry, which are (1) Cash Book, (2) Sales Book, (3) Invoice Book, (4) Itemized Journal. (a) The Cash Book will contain the cash received and paid out, and the names of the accounts causing it to be received or disposed of. (b) The Sales Book will contain an itemized record of all sales and the name of the account to be debited. Should an individual pay part of a bill in cash, debit him with the whole amount in the Sales Book and credit him with the cash payment from the Cash Book. (c) The Invoice Book contains a record of all merchandise purchased. Should a bill be paid in part at the time of purchase, credit the individual from whom the goods are bought directly from the Invoice Book with the full amount of the invoice and debit him from the Cash Book with the amount paid. (d) The Itemized Journal is kept as in Set D.

2. RULE AND BALANCE CASH BOOK.

3. RULE AND FOOT SALES BOOK.

4. RULE AND FOOT INVOICE BOOK.

5. RULE AND FOOT JOURNAL.

6. POST, remembering to post the footings of the Sales Book and Invoice Book as explained in the instructions.

7. TAKE LEAD-PENCIL FOOTINGS OF ACCOUNTS.

8. TAKE TRIAL BALANCE OF DIFFERENCES.

9. CLOSE ACCOUNTS SHOWING LOSSES AND GAINS.

10. CLOSE LOSS AND GAIN ACCOUNT.

11. MAKE FINANCIAL STATEMENT OF LOSSES AND GAINS.

12. CLOSE PROPRIETOR'S ACCOUNT.

13. AT END OF SEPTEMBER CLOSE ALL ACCOUNTS.

14. TAKE LAST TRIAL BALANCE.

BUYING PRICE-LIST, SET F¹.

DESCRIPTION.	SIZE OF PACKAGE.	1	2	3	4	5	6	7	8	9	10
<i>Teas.</i>											
Japan,	60-lb. chests,	.20	.18	.17	.20½	.17½	.22	.20	.19	.17	.21
Gunpowder,	50-lb. chests,	.30	.27	.29	.25	.21½	.25	.24	.23	.27	.26
Young Hyson,	60-lb. chests,	.40	.35	.41	.37	.34½	.30	.33	.31	.36	.35
English Breakfast,	50-lb. chests,	.20	.17	.22	.19	.20	.18	.20	.19	.22	.21
<i>Spices.</i>											
Ginger,	60-lb. bales,	.10	.12	.13	.11	.09	.10	.12	.12½	.11	.12
Nutmegs,	40-lb. mats,	.50	.45	.42	.49	.48	.45	.40	.39	.38	.35
Pepper,	80-lb. bags,	.10	.12	.11	.13	.10	.13	.14	.12	.15	.10½
Allspice,	50-lb. bags,	.30	.39	.38	.36	.35	.30	.33	.32	.31	.29
Mixed,	40-lb. cartons,	.15	.16½	.17	.19	.20	.22	.21	.18	.14	.17
<i>Coffees.</i>											
Mocha,	140-lb. bales,	.20	.21	.22	.23	.22½	.24	.25	.20	.22	.21
Java,	70-lb. mats,	.25	.24	.23	.22	.19	.18½	.17	.22	.19	.18
Rio,	150-lb. bags,	.20	.19	.21	.23	.22	.21	.20	.22	.21	.23
Maracaibo,	120-lb. bags,	.20	.18½	.23	.19	.21	.20	.21	.23	.24	.20

SELLING PRICE-LIST, SET F¹.

DESCRIPTION.	SIZE OF PACKAGE.	1	2	3	4	5	6	7	8	9	10
<i>Teas.</i>											
Japan,	60-lb. chests,	.30	.29	.31	.25	.26	.30	.31	.26	.21	.28
Gunpowder,	50-lb. chests,	.40	.36	.37	.35	.40	.35	.30	.31	.35	.30
Young Hyson,	60-lb. chests,	.50	.48	.45	.40	.43	.40	.42	.44	.43	.40
English Breakfast,	50-lb. chests,	.30	.29	.30	.25	.32	.26	.30	.27	.30	.30
<i>Spices.</i>											
Ginger,	60-lb. bales,	.15	.16	.18	.17	.20	.16½	.16	.18	.20	.21
Nutmegs,	40-lb. mats,	.60	.62	.55	.61	.55	.50	.52	.45	.44	.50
Pepper,	80-lb. bags,	.15	.17	.20	.21	.16	.20	.20	.20½	.21	.20
Allspice,	50-lb. bags,	.40	.42	.45	.46	.48	.35	.40	.41	.40	.42
Mixed,	40-lb. cartons,	.20	.22	.25	.27	.30	.25	.30	.26	.25	.27
<i>Coffees.</i>											
Mocha,	140-lb. bales,	.30	.29	.35	.31	.32	.30	.35	.30	.29	.30
Java,	70-lb. mats,	.35	.30	.40	.37	.31	.24	.25	.30	.27	.26
Rio,	150-lb. bags,	.30	.29	.31	.33	.28	.25	.31	.28	.26	.30
Maracaibo,	120-lb. bags,	.30	.25	.32	.29	.25	.30	.29	.27	.30	.29

INVOICE BOOK.

	189....					
July	2	Miles Bros., 1242 Monroe St., K. C. :				
		60 chests Japan tea,	.20	720		
		40 " Gunpowder,	.30	600		
		50 bales ginger,	.10	300		
		30 mats nutmegs,	.50	600		
		40 bags pepper,	.10	320		
		50 cartons mixed spices,	.15	300		
		30 bales Mocha,	.20	840		
		45 bags Rio,	.20	1,350	5,030	
July	8	McCroskey & Co., Chicago :				
		40 chests Young Hyson,	.40	960		
		20 bags allspice,	.30	300		
		30 mats Java,	.25	525		
		20 bags Maracaibo,	.20	480	2,265	
July	15	Miles Bros., K. C. :				
		20 bags allspice,	.30	300		
		20 mats Maracaibo,	.20	480		
		20 chests English breakfast,	.20	200		
		20 " Young Hyson,	.40	480	1,460	
		Merchandise Dr.	<div>22</div>		8,755	

MEMORANDA.—SET F¹.*July.*

1. Student began a wholesale tea, coffee and spice business, and invested: Cash in safe, \$15,200; R. Adley's note at 60 days from May 4 last, with interest, \$240; interest to date, \$2.32. Wm. Horney owes you on account, \$260; D. Briley, \$325. You owe G. E. Bouton, on a note at 30 days from June 27 last, \$1,200, with interest; interest to this date, 4 days, 80 cts. Bought books and furniture for the office; pay for them by check, \$30. Pay July rent by check, \$50.
2. Receive from Miles Bros., 1242 Monroe St., Kansas City, goods ordered on the 1st: 60 chests Japan tea; 40 chests Gunpowder; 50 bales ginger; 30 mats nutmegs; 40 bags pepper; 50 cartons mixed; 30 bales Mocha; 45 bags Rio. Accept their draft dated July 1, favor themselves, at 60 days from date, for \$2,400; remitted balance by draft on Citizens Bank, Kansas City, drawn by First National Bank, Harvey Lancaster, cashier, bought by check.
5. Sell Joseph Good: 20 bags Rio coffee; 10 bales ginger; 2 chests Gunpowder. Draw a draft on him favor yourself at 10 days' sight, for \$520; receive his check on Cannon's Bank for the balance.
6. Sell K. A. Mooney: 2 chests Gunpowder; 5 chests Japan; 4 bales Mocha. Receive in payment a check on Citizens Bank for \$200; balance on account. Receive from R. Adley cash for his note of May 4, with interest.
8. Draft on Joseph Good returned accepted; date of acceptance, July 8. Receive from McCroskey & Co., Chicago: 40 chests Young Hyson; 20 bags allspice; 30 mats Java; 20 bags Maracaibo. Give in payment a draft on First National Bank, Chicago, bought at Cannon's Bank by check, \$1,265; balance on account.
10. Receive from Wm. Horney his note at 60 days for balance of his account. Sell D. R. Cook, on account: 5 bags pepper; 10 bales Mocha. Stolen from the cash drawer, \$12.
13. Discount Wm. Horney's note of 10th at the Metropolitan Bank, and receive cash for the proceeds. Sell Frank Worthington, 914 Garfield St.: 4 bales ginger; 3 mats nutmeg; 4 cartons mixed. Receive in payment his note in your favor, with interest, payable at Citizens Bank of Rosedale, at 30 days, for \$96; received cash for the balance.
15. Receive from Miles Bros.: 20 bags allspice; 20 mats Maracaibo; 20 chests English Breakfast; 20 chests Young Hyson. Give in payment your note, without interest, at 30 days, for \$900; a draft on Metropolitan Bank for \$500; balance on account.
18. Pay your note of June 27, favor of G. E. Bouton, less discount, by check. Receive from D. Briley \$220 to apply on his account. Receive check on Cannon's Bank from Joseph Good to apply on his acceptance of the 8th.
20. Pay Miles Bros., by draft on Citizens Bank, Kansas City, bought at Cannon's Bank by check, Eli Snyder, cashier, \$60.
22. Sell Joseph Good: 10 bags pepper; 5 bags Maracaibo. Receive in payment a check on Metropolitan Bank for \$180, and his note at 30 days for the remainder.
25. Take \$75 from the drawer for private use,
27. Find \$5 in gold on the floor. K. A. Mooney pays \$38 on account.
30. Pay C. Hopkins's salary for July, as clerk, \$45.

INVENTORY.—Mdse at cost, \$6,925, per price-list No. 1. Expense, office furniture, etc., \$65.

NOTE.—The teacher will supply the inventories for other price-lists from Teachers' Reference Book.

August.

1. Student admits T. J. Gage as partner. He is to invest an amount equal to one-half your present worth at the close of July, and is to share one-third of the losses and gains. His investment is: A note on J. Daniels, Chanute, at 60 days from July 4, for \$1,200; interest to date, 28 days, \$5.60; A. B. James owes him on account \$540. He owes a note for \$300, favor of John Bloom, Palouse, at 30 days from July 22, with interest; interest to date, 10 days, 50 cts.; he owes Jacob Abraham, 256 Harrison street, on account, \$240; cash deposited in Citizens Bank to make his investment equal to one-half your present worth. Pay August rent by check, \$50.
3. Sell R. Hall, Sedalia: 10 bags Maracaibo coffee; 5 chests English Breakfast tea; 4 chests Gunpowder tea. Draw a draft at 10 days' sight for the amount of the bill.
5. Sell D. R. Cook: 5 mats nutmeg; 6 chests Young Hyson tea; 10 chests Japan tea. Receive in payment a check on Cannon's Bank for \$260; balance on account. R. Hall returns the draft accepted; date of acceptance, August 4.
8. Receive from Mortlock & Co., St. Louis: 40 mats nutmeg; 20 bales Mocha coffee; 20 bags Maracaibo coffee; 35 chests English Breakfast tea. Pay for the same by check, \$390; note at 60 days for the balance, with interest. Pay drayman for delivering the goods, 75 cts.
10. Pay draft of July 1, favor Miles Bros., less discount. Sell to K. T. Bonnell, Howard: 10 cartons mixed spices; 15 chests Japan tea; 8 mats nutmeg. Receive in payment a draft on S. T. Mason, at 10 days from date, for \$242; a check on Metropolitan Bank for \$150; the balance on account.
12. Sell James Gillispie, Moline, on account: 10 bales Mocha coffee; 8 bags allspice; 5 bags Maracaibo. Sell T. L. Summers, Toledo: 5 chests Young Hyson tea; 6 mats Java coffee. Inclose a draft at 30 days from date for the amount of the bill.
13. Draft on T. L. Summers returned, accepted. Cash sales for the day: 10 cartons mixed spices; 20 mats nutmeg; 10 bags pepper.
15. Receive from B. B. Kaiser, Kansas City: 20 bags Maracaibo coffee; 20 bales Mocha coffee; 20 bags pepper. Accept a draft favor of himself at 10 days' sight for the amount of the bill. Frank Worthington pays his note of July 13, with interest, by check on Citizens Bank.
17. Pay note favor of Miles Bros., by check.
18. Lose on the street \$20 gold piece. Discount T. L. Summers's draft of August 13 at the bank, and receive net proceeds in cash. Cash sales: 4 bags Rio coffee; 3 chests Gunpowder tea.
20. Sell R. Hall, Sedalia: 10 bags allspice; 5 chests Japan tea; 10 bales ginger. Receive in payment a check on the Metropolitan Bank for \$80. Balance on account. Discount our note favor Mortlock & Co., and pay proceeds by check.
22. Buy chair for office, by check, \$10. Sell to Fred Davis, Dayton: 6 bales Mocha coffee; 5 chests English Breakfast tea; 4 bags pepper. Receive in payment his note at 30 days, with interest, for the amount of the bill. S. T. Mason pays draft of August 10 by check on First National Bank.
25. Pay our note favor John Bloom, dated July 22, with interest. J. Good pays his note of July 22, with interest.
27. Receive from McCroskey & Co.: 10 mats Java coffee; 10 chests Gunpowder tea; 20 chests Japan tea. Give check for \$175. Balance on account. Cash sales for the day: 10 bags Maracaibo coffee; 10 chests English Breakfast tea.
28. Pay cash for B. B. Kaiser's draft of August 15.
29. Sell to C. Burk, Oberlin: 10 bags allspice; 10 bales Mocha; 5 bales ginger. Receive in payment his note at 30 days, with interest at 10%, for the amount of the bill.
31. Cash sales for the day: 20 chests Gunpowder tea; 30 chests Young Hyson tea. Pay C. Hopkins's salary for August by check, \$45.

INVENTORY.—Mdse. on hand at cost, \$6,270, per price-list No. 1. Expense, office furniture, etc., \$75.

September.

1. Pay September rent by check, \$50. Receive from D. Hamer & Co., St. Louis: 20 cartons mixed spices; 20 bags allspice; 15 bales ginger; 10 bales Mocha coffee; 20 bags Rio coffee. Accept their draft at 10 days from date, Aug. 31, for the amount of the bill. Cash sales for the day: 10 cartons mixed spices; 10 mats Java coffee; 10 bags Rio coffee; 10 bags Maracaibo coffee.
 2. Receive from D. R. Cook, to apply on account, \$40. Sell to John Raymond: 10 bales Mocha coffee; 10 mats Java coffee; 8 bales ginger; receive cash in payment, \$430; balance on account.
 4. Sell W. T. Grover, on account: 10 bags pepper; 10 chests Japan tea; 5 chests Young Hyson tea. Receive from John Raymond, to apply on account, \$230.
 5. J. Daniels pays his note of July 4, with interest.
 6. Sell F. L. Conrad: 10 bales Mocha coffee; 8 bales ginger; 5 mats nutmeg; 6 bags Maracaibo coffee. Draw a draft on him for the amount of the bill, at 10 days' sight. Cash sales: 10 chests English Breakfast tea; 8 chests Japan tea.
 8. Receive from McCroskey & Co.: 10 chests Young Hyson tea; 10 chests Gunpowder tea; 12 bags allspice; 10 bags Rio coffee. Pay for the same by check for \$600; balance on account.
 9. F. L. Conrad returns draft; date of acceptance, Sept. 8. Cash sales for the day: 8 bags Maracaibo coffee; 5 bags pepper; 6 mats nutmeg. The \$20 gold piece lost on August 18 is returned by the boy who found it. Pay 50 cts. for the service.
 10. Draw a draft at 10 days from date on W. T. Grover for the balance of his account. Receive cash from James Gillispie, to apply on his account, \$245. Cash sales: 10 chests English Breakfast tea; 6 bags pepper; 5 bales Mocha coffee.
 12. Pay draft of August 31, favor D. Hamer & Co., by check. W. T. Grover returns draft accepted. Sell T. L. Summers: 10 bags Rio coffee; 5 cartons mixed spices; 3 bags allspice. Receive cash, \$142; balance on account.
 14. Sell F. D. Baker, Elmdale: 10 chests Gunpowder tea; 5 chests Young Hyson tea; 4 mats nutmegs. Receive in payment his note at 30 days, with interest, for the amount of the bill. Cash sales: 5 mats Java; 4 cartons mixed spices.
 16. Sell K. A. Mooney, on account: 5 chests English Breakfast tea; 12 bags allspice; 4 bags Maracaibo coffee. Discount C. Burk's note of August 29 at the Citizens Bank, and receive cash for the net proceeds. Cash sales: 5 chests Gunpowder tea; 5 bales ginger.
 18. Receive from C. O. Wendling, St. Louis: 10 bales Mocha coffee; 10 bales ginger; 15 bags Rio coffee. Accept a draft favor himself, 30 days' sight, for the amount of the bill. D. R. Cook paid \$125 on account. Send to McCroskey & Co., to apply on account, \$450 by check.
 19. Sell Jacob Abraham: 10 bags Rio coffee; 12 chests Japan tea; 5 chests Young Hyson. Receive a check on Metropolitan Bank for \$410; balance on account. Cash sales: 4 bales ginger; 3 chests English Breakfast tea. A. B. James pays \$360 on account.
 21. T. L. Conrad pays his draft of September 9 by check on Cannon's Bank. Sell Jacob Good, on account: 5 chests Gunpowder tea; 10 bags allspice; 5 mats nutmeg. Receive from James Gillispie, to apply on account, \$235.
 23. W. T. Grover pays his draft of September 10 by check on First National Bank. Cash sales: 3 bales ginger; 4 chests English Breakfast tea.
 26. Sell G. W. Swanson on his note at 30 days, with interest: 8 chests Japan tea; 3 bags pepper; 8 bags Maracaibo coffee.
 30. Receive from James Gillispie, to apply on his account, \$75. Cash sales: 10 bags allspice; 2 mats Java coffee. Pay C. Hopkins's salary for the month, \$45.
- INVENTORY.—Mdse. inventory, per price-list No. 1, \$3,664.50. Expense, office furniture, etc., \$60.

SET F².

TEA, COFFEE AND SPICE BUSINESS.

JULY AND AUGUST.

OBJECTS.—Same as Set F¹, with the introduction of “bank columns” in the Cash Book.

INSTRUCTIONS.—The second column on the left page of Cash Book is for all amounts deposited in the bank, and in the second column on the right page of Cash Book will be entered the amounts of all checks drawn. The amount of cash “on hand,” *i. e.*, available, includes the amount in the bank, and the difference between the amount of cash “on hand” and the amount in the bank may be termed the cash “in hand.” This plan is sometimes followed by bookkeepers who desire to keep their cash balance and bank balance constantly before them.

Notice the illustration, and be sure to understand the foregoing directions.

To catch Dame Fortune's golden smile,
Assiduous wait upon her;
And gather gear by every wile
That's justified by Honor:
Not for to hide it in a hedge,
Nor for a train attendant;
But for the glorious privilege
Of being independent.

—*Robert Burns.*

BUYING PRICE-LIST.—SUPPLEMENTARY SET F².

DESCRIPTION.	QUANTITY.	1	2	3	4	5	6	7	8	9	10
<i>Teas.</i>											
Japan,	70-lb. chest,	.40	.39	.48½	.39½	.41	.42½	.43	.41½	.42	.38
Basket-fired,	65-lb. chest,	.60	.61	.60½	.59	.59½	.62	.60½	.58½	.61½	.62½
Green,	50-lb. chest,	.50	.50½	.53	.49½	.51	.51½	.49	.48	.48½	.52
Dust,	100-lb. box,	.08	.07½	.07	.08½	.09	.10	.09½	.06½	.09½	.08
<i>Coffees.</i>											
Mocha,	75-lb. bag,	.23	.21	.23½	.22	.22½	.23½	.23	.24	.24½	.25
Lion,	100-lb. box,	.18	.17	.17½	.18½	.19½	.16½	.15	.20	.19	.17
Roasted bulk,	150-lb. mat,	.20	.19½	.18	.17	.21	.21½	.20½	.19	.18½	.17
Unroasted,	80-lb. sack,	.14	.13	.12	.12½	.14½	.15	.16½	.13½	.11	.10
<i>Spices.</i>											
Pepper,	40-lb. chest,	.10	.09	.09½	.08½	.11	.12	.13½	.11½	.12½	.08½
Cinnamon,	25-lb. bag,	.20	.20½	.18	.18½	.17½	.19½	.21	.22½	.19	.22
Allspice,	10-lb. bag,	.20	.19½	.21	.17	.18½	.20½	.19	.22	.21½	.18
Ginger,	50-lb. bale,	.15	.16	.14½	.15½	.13½	.13	.14	.17	.15½	.16
Mustard,	25-lb. bale,	.05	.04½	.03	.05½	.06	.07	.07½	.03½	.04	.06½
Mace,	10-lb. bale,	.15	.15½	.14	.13	.13½	.16½	.12½	.16	.17	.16½

CASH BOOK WITH BANK COLUMNS.

CASH				Cash Dr.		Bank Dr.	
189....							
July	1	In First National Bank,	Student,		2,500		1,500
"	4	On account,	John Anderson,		150		
"	5	Bill to Van Couver & Co.,	Mdse.,	S—	1,950		
"	5		Dep.,				1,000
"	8	Balance on account,	John Anderson,		100		
"	9		Dep.,				3,355 5855
"	11	Bill to Van Couver & Co.,	Mdse.,	S—	2,947	50	
"	11	In full of account,	R. Bell,		216	25	
					7863	75	
					7,863	75	5,855
July	11		Balances,		4,518	75	3,035

SELLING PRICE-LIST.—SUPPLEMENTARY SET F².

DESCRIPTION.	QUANTITY.	1	2	3	4	5	6	7	8	9	10
<i>Teas.</i>											
Japan,	70-lb. chest,	.50	.51	.47	.49½	.50	.49	.48	.48½	.50½	.52
Basket-fired,	65-lb. chest,	.75	.74	.72½	.75½	.73	.74½	.76	.76½	.75	.73½
Green,	50-lb. chest,	.60	.62½	.64	.60½	.61½	.60½	.64½	.59	.57	.59½
Dust,	100-lb. box,	.10	.11½	.12	.13	.09½	.09	.12½	.11	.13	.13½
<i>Coffees.</i>											
Mocha,	75-lb. bag,	.30	.33⅓	.32	.31	.30½	.29	.31½	.32½	.29½	.28
Lion,	100-lb. box,	.20	.21	.18½	.20½	.19	.21½	.19½	.18½	.22	.23
Roasted bulk,	150-lb. mat,	.25	.24	.26	.23	.24½	.25	.25½	.26½	.27	.23½
Unroasted,	80-lb. sack,	.18	.20	.19	.21	.18½	.20½	.19½	.21½	.17	.16
<i>Spices.</i>											
Pepper,	40-lb. chest,	.20	.19	.22½	.20½	.23	.24	.18½	.19½	.18	.21
Cinnamon,	25-lb. bag,	.25	.24	.26½	.25½	.20	.24½	.21	.21½	.27	.23
Allspice,	10-lb. bale,	.30	.27½	.29	.28	.28½	.29½	.31	.33½	.32	.29½
Ginger,	50-lb. bale,	.25	.24½	.23	.25½	.26	.27	.30	.27½	.23½	.24
Mustard,	25-lb. bale,	.10	.09	.11	.10½	.11½	.09½	.08	.07½	.12	.13
Mace,	10-lb. bale,	.20	.18½	.19	.21	.21½	.19½	.17½	.20½	.18	.17

BOOK.

Cash Cr.

Bank Cr.

189....											
July	2	Invoice, A. L. & Co.,	ck. 1,	Mdse.,	I—	780				780	
"	5	Sight-draft,		Steele & Co.,		250					
"	6	Bill this date,	ck. 2,	Furniture and fixtures,		40				40	
"	8	Safe		Furniture and fixtures,		250					
"	8	On invoice, A. L.,	ck. 3,	Mdse.,	I—	2,000				2,000	
"	10	Curtains, etc., for store,		Furniture and fixtures,		25				2820	
				Balances,		3345					
						4,518	75			3,035	
						7,863	75			5,855	

SET F².

NOTE.—The amounts below will be largely changed when using any other price-list than No. 1.

MEMORANDA.

July.

1. Student commenced a wholesale tea, coffee and spice business this day, with the following resources and liabilities:

RESOURCES.

Store and lot, corner Main street and Sixth avenue, valued at \$2,500; cash on deposit in First National Bank, \$1,500; account of John Anderson, Harlem, \$250; account of Cross & Shaw, Portis, \$500; note of J. W. Williams, at three months from May 15, \$200.

LIABILITIES.

- Steele & Co., on account, \$1,250; note favor P. W. Samuels, due July 23, \$200.
2. Bought of A. Linn & Co.: 20 chests Japan tea, \$560; 10 boxes Lion coffee, \$180; 10 chests pepper, \$40. Paid for same by check.
 3. Sold R. Bell, on account: 5 chests pepper, \$40; 6 boxes Lion coffee, \$120; 10 chests Japan tea, \$350.
 4. Received cash of John Anderson, to apply on account, \$150. Bought of Smith Bros., on account, 100 chests basket-fired tea, \$3,900. Drew sight-draft on R. Bell for \$500, and sent to Steele & Co. to apply on account.
 5. Sold Van Couver & Co., for cash, 40 chests basket-fired tea, \$1,950. Deposited in bank, \$1,000. Paid Steele & Co.'s sight-draft, \$250.
 6. Bought office desk and fixtures, \$40. Gave check in payment. Bought of Utica Spice Company: 25 chests pepper, \$100; 10 bags cinnamon, \$50; 10 bales ginger, \$75; 5 bales mace, \$7.50. Accepted their draft at 20 days for amount of bill.
 8. Sold D. T. Short, on account: 20 chests pepper, \$160; 10 bales ginger, \$125. Received of John Anderson \$100 to balance his account. Bought safe for office, \$250, for cash.
 9. Accepted Smith Bros.' draft, favor A. B. Blakner, for \$1,000, at 10 days' sight. Deposited in bank all cash in hand except \$25. Bought of A. Linn: 100 chests green tea, \$2,500; 50 boxes Lion coffee, \$900; 50 bales mustard, \$62.50; 15 bags allspice, \$30. In payment, gave check for \$2,000; balance on account.
 10. Sold R. Bell, on account: 4 boxes Lion coffee, \$80; 5 chests pepper, \$40; 5 bags cinnamon, \$31.25; 10 bales allspice, \$30; 40 bales mustard, \$100. Received of Cross & Shaw note at 30 days for amount of their account. Bought curtains and fixtures for store, for cash, \$25.
 11. Sold Van Couver & Co., for cash, and deposited amount received: 50 chests basket-fired tea, \$2,437.50; 25 boxes Lion coffee, \$500; 5 bales mace, \$10. Bought of Steele & Co., on account: 100 boxes dust tea, \$800; 50 bags Mocha, \$862.50; 40 sacks unroasted coffee, \$448; 50 bales ginger, \$375; 10 bales mace, \$15. Received of R. Bell bank draft in full of account.
 12. Sold for cash, 50 boxes dust tea, \$500; 20 sacks unroasted coffee, \$288; 20 bales mustard, \$50. Received of D. T. Short \$285, in full of account. Sent A. Linn check for \$500, to apply on account.
 13. Sold S. Hammond: 20 boxes Lion coffee, \$400; 5 chests green tea, \$150; 25 bales ginger, \$312.50. Received bank draft for \$510; balance on account. Withdrew for private use, by check, \$100.

15. Accepted Smith Bros.' draft, favor of themselves, for \$2,400, at 20 days' sight. Bought of Steele & Co., on account : 100 mats roasted bulk coffee, \$3,000 ; 100 chests Japan tea, \$2,800 ; 20 boxes Lion coffee, \$360. Sold R. Bell, on account : 10 chests Japan, \$350 ; 20 bags Mocha, \$450 ; 40 boxes dust, \$400.
16. Sold Cross & Shaw, for cash: 10 chests Japan, \$350; 10 boxes Lion coffee, \$200; 10 bags Mocha, \$225; 20 chests green tea, \$600. Drew draft on R. Bell for \$1,000, at 30 days, favor myself, and discounted at bank at 6%. Deposited proceeds.
17. Discounted Cross & Shaw's note of 10th inst. at bank, depositing proceeds. Bought of A. Linn: 40 chests basket-fired tea, \$1,560; 100 boxes dust tea, \$800; 30 bags Mocha, \$517.50; 50 boxes Lion coffee, \$900; 10 chests pepper, \$40; 20 bags cinnamon, \$100; 20 bags allspice, \$40. Gave check for \$2,500; balance on account. Paid Smith Bros., in full of their account, by check.
19. Paid Smith Bros.' draft favor A. B. Blakner, accepted on the 9th inst., by selling him (Blakner) the following bill of goods, and paying the balance in cash: 10 bales mace, \$20; 10 bales ginger, \$125; 10 chests green tea, \$300.
20. Deposited in bank all cash on hand except \$10 for cash drawer. Sold John Anderson, for cash: 10 sacks unroasted coffee, \$144; 20 bags cinnamon, \$125; 10 boxes dust tea, \$100; 20 bales mustard, \$50; 50 mats roasted coffee, bulk, \$1,875.
23. Paid note favor P. W. Samuels by check. Paid A. Linn, on account, cash, \$1,500.
24. Received of S. Hammond cash in full of account. Paid Steele & Co., by check, \$2,000. Sold D. T. Short, for his note at 30 days: 50 chests Japan tea, \$1,750; 15 chests pepper, \$120; 25 mats roasted bulk coffee, \$937.50; 50 chests basket-fired tea, \$2,437.50.
25. Withdrew for private use, \$100. Sold for cash: 40 chests Japan tea, \$1,400; 10 sacks unroasted coffee, \$144; 15 bales ginger, \$187.50; 50 boxes Lion coffee, \$1,000; 20 chests green tea, \$600.
26. Paid draft favor Utica Spice Co., in cash. Bought of Smith Bros., on account : 10 chests Japan tea, \$280 ; 10 chests basket-fired tea, \$390 ; 10 chests green tea, \$250 ; 10 sacks unroasted coffee, \$112 ; 10 chests pepper, \$40 ; 10 bags ginger, \$75 ; 10 bales mace, \$15. Paid A. Linn cash in full of account.
29. Paid Steele & Co.'s sight-draft for \$2,000, favor W. L. Zimmerman, in cash. Accepted Smith Bros.' draft at 30 days for amount of bill of 26th inst. Sold R. Bell, on account : 50 bags Mocha coffee, \$1,125 ; 100 boxes dust tea, \$1,000 ; 10 chests pepper, \$80.
30. Sold S. Hammond, on account : 25 mats roasted bulk coffee, \$937.50 ; 10 chests basket-fired tea, \$487.50 ; 10 chests green tea, \$300.
31. Paid John Goheen, clerk, salary for month, \$50, by check. Paid freight bills for month, \$55.40.

(NOTE.—Debit Merchandise with freight charges.)

INVENTORY.

Merchandise (valued at cost price) :

10 chests Japan tea.
10 sacks unroasted coffee.
5 bags allspice.
20 bales mustard.

Expense : Office safe, \$200; desk, \$25.

Merchandise — continued :

15 boxes Lion coffee.
5 bags cinnamon.
10 bales ginger.
10 bales mace.

Real estate : Store and lot, \$2,500.

August.

1. D. A. Miller is this day admitted as an equal partner, the firm name to be Student & Miller. He invests as follows: Geo. Alford's note, favor Miller, at 30 days, dated July 10, \$500; J. W. Osborn owes him, on account, \$1,000; Miller owes John Dewey, on account, \$500. He invests cash to make his investment equal Student's present worth.
2. Transferred my credit in bank to credit of Student & Miller and deposited \$1,000. Bought of Steele & Co., on account: 50 chests Japan tea; 100 boxes dust tea; 25 bags Mocha coffee; 100 boxes Lion coffee; 40 mats roasted bulk coffee. Sold for cash : 50 boxes Lion coffee; 10 sacks unroasted coffee.
3. Drew sight-draft on R. Bell for \$1,500, and sent to him to-day. (Memorandum only.) Each of the partners withdrew for private use \$300. by check.

5. R. Bell has paid draft sent him on the 3d by check, which we deposited in bank. Sold D. T. Short, on account: 20 bags Mocha; 50 chests Japan tea; 5 bags cinnamon; 5 bales mace.
6. Bought of A. Linn: 50 chests basket-fired tea; 30 chests green tea; 15 sacks unroasted coffee; 25 chests pepper; 10 bags cinnamon; 20 bales mace. Gave check for \$500; balance on account. Bought for cash new set office books, \$25.
7. Received of S. Hammond cash in full of account. Sold W. L. Zimmerman, for cash: 5 chests Japan tea; 10 bales mace; 10 bales mustard; 5 bags allspice; 25 boxes dust tea. Paid Arnold & Co. for building addition to store, check, \$1,000.
(Debit Real Estate.)
Paid Smith Bros.' draft, accepted on the 15th ult., by check; face of draft, \$2,400.
8. Bought of Smith Bros., on account: 20 chests Japan tea; 20 bags Mocha coffee; 15 bales mustard; 25 bags allspice; 25 sacks unroasted coffee; 20 chests green tea. Received by to-day's mail from A. Linn a draft at 30 days' sight, to balance account, which we accepted and returned.
10. Accepted Steele & Co.'s draft, favor themselves, for \$1,000, at 30 days' sight.
12. Received payment of Geo. Alford's note in cash. Sold for cash: 25 chests basket-fired tea; 20 mats roasted bulk coffee; 15 chests pepper; 10 bales mustard; 10 bags ginger. Deposited in bank all cash in hand.
14. Bought of A. Linn: 40 bales ginger; 10 bags mustard; 25 bags Mocha coffee; 15 bales mace. Gave check for \$500; balance on account.
15. Received from J. W. Williams bank draft for \$200, in payment of his note of May 15. Drew draft for 30 days on R. Bell for amount due us, and discounted at bank, leaving proceeds to our credit. Paid Steele & Co.'s sight-draft, favor Joe Rice, for \$4,000, by check.
16. Sold Cross & Shaw, on account: 50 boxes dust tea; 25 sacks unroasted coffee; 25 bales mace; 20 bales ginger; 10 bags cinnamon; 25 bags Mocha coffee. Drew sight-draft on D. T. Short for amount due us, and sent to Steele & Co. to apply on account.
17. Accepted Smith Bros.' draft at 30 days, dated August 16, favor Hamilton Importing Company, for \$600. Sold R. Bell, on account: 5 chests green tea; 20 mats roasted bulk coffee; 10 chests pepper; 10 boxes dust tea; 10 bags cinnamon. Bought water-cooler for use in store, paying \$10 cash.
19. Bought of A. Linn, on account: 30 chests pepper; 20 bales mace; 50 chests basket-fired tea; 25 bags allspice. Sold for cash: 15 bags Mocha coffee; 20 sacks unroasted coffee; 25 chests basket-fired tea.
21. Deposited in bank all cash in hand. Sold W. L. Zimmerman: 50 chests basket-fired tea; 50 chests green tea; 10 bags Mocha coffee; 45 sacks unroasted coffee; 50 bales allspice; 10 bales mace; 25 boxes Lion coffee. Received cash, \$1,000; for balance, he accepts a 30-day draft, favor Smith Bros.
22. Cross & Shaw, having failed in business, have compromised with their creditors at 60 cts. on a dollar. Received from them cash to balance their account on this basis.
(This entry may be made by debiting Cash and Loss and Gain, and crediting Cross & Shaw for the amount due us, or by debiting Cash and crediting Cross & Shaw for the amount received, and then posting and closing Cross & Shaw's account into Loss and Gain. Use the latter method.)
24. Sold for cash: 15 boxes dust tea; 25 chests basket-fired tea; 25 boxes Lion coffee; 10 bales mace; 20 bales ginger. Paid Smith Bros., by check, \$500. Accepted A. Linn's 60-day draft for \$250.
26. Sold S. Hammond, on account: 25 chests Japan tea. Bought of Steele & Co., on account: 50 chests basket-fired tea; 25 chests green tea; 50 boxes dust tea; 20 bags Mocha coffee; 20 chests pepper; 25 bales mustard; 50 mats roasted bulk coffee.
26. Received of D. T. Short, in payment of his note due to-day, bank draft, which was deposited in bank by us. Paid Steele & Co., by check, \$1,000 on account.

28. Sold R. Bell, on account : 25 boxes dust tea ; 25 mats roasted bulk coffee ; 10 chests pepper ; 10 bales mustard. Bought of Smith Bros. : 50 sacks unroasted coffee ; 25 bags cinnamon ; 50 bales ginger ; 50 chests Japan tea. Gave in payment check for \$1,000 ; balance on account.
30. Paid ice bill for July and August in cash, \$5. Sold S. Hammond, on account : 50 chests Japan tea ; 50 sacks unroasted coffee ; 20 bags cinnamon ; 25 bales ginger. Received of R. Bell, to apply on account, \$500. Paid Steele & Co. on account, by check, \$5,000.
31. Paid freight bills for month, \$65, in cash. Deposited in bank all cash in hand. Paid John Goheen, clerk, salary for month, by check, \$60. Sold office desk and fixtures for \$20. (Credit Expense.)

INVENTORY.—August 31, 189.....

Merchandise (valued at selling price):

Basket-fired tea,	50 chests.
Green tea,	25 chests.
Dust tea,	25 chests.
Mocha coffee,	20 bags.
Mustard,	15 bales.
Roasted bulk coffee, . .	25 mats.

Merchandise — continued:

Pepper,	10 chests.
Cinnamon,	5 bags.
Ginger,	25 bales.
Expense : Safe, valued at	\$200.
Real estate : Store and lot, valued at	\$3,500.

 QUESTIONS.

1. Explain the objects of Sets F.
2. Explain the use of the Cash Book.
3. Explain the keeping of a Sales Book.
4. Describe the Invoice Book.
5. How is the posting done from (a) Cash Book ? (b) Sales Book ? (c) Invoice Book ?
6. Explain the checking when there are four books of original entry.
7. Write any of the business forms that your teacher may call for.
8. Explain the keeping and use of "bank columns" in a Cash Book.
9. The columns of a Cash Book with bank columns stand as follows: Cash Dr., \$700 ; Bank Dr., \$600 ; Cash Cr., \$200 ; Bank Cr., \$200. How much cash is on hand ? *Ans.* \$500. How much cash is in bank ? *Ans.* \$400. How much cash is "in hand" ? *Ans.* \$100.
10. If the columns stood as follows: Cash Dr., \$1,000 ; Bank Dr., \$900 ; Cash Cr., \$950 ; Bank Cr., \$920 ? Explain.

SET G¹.

OCTOBER.

OBJECT.— The use of Cash Book, sometimes called a Cash-Journal, as the only book of original entry. This is a most excellent book for use in connection with the Ledger by an individual doing a business of very small extent, as it possesses the elements of completeness and brevity. It is used in some large business houses. For students and teachers this book has no superior. The posting can be done once a year, during vacation, and if the information given by all the accounts is not desired, part may be omitted and only such accounts posted as desired.

INSTRUCTIONS.— This book differs from the ordinary Cash Book only in that any transaction, whether involving cash or not, may be disposed of in it. Accounts to be debited appear on the credit side, and accounts to be credited appear on the debit side. If a transaction does not involve cash, the sides are increased equally and the cash balance undisturbed.

To test the accuracy of an entry in a Cash-Journal, make the old Journal entry, and see that all the accounts to be credited are named on the debit side of the Cash-Journal, excepting Cash, and all accounts to be debited are on the credit side, excepting Cash. Cash takes care of itself in a Cash Book or Cash-Journal.

This is an age of discounts. Prompt payments bring reductions. Usually the terms of discounts are printed on the bills; as, 10/10, 5/20, n/30, etc.; meaning 10% off if paid in 10 days, 5% off if paid in 20 days, nothing off if paid in 30 days. Some firms consider payment within 30 days to be a cash payment, and give a discount accordingly. Mdse. Discount account must be closed into Mdse. account before Mdse. is closed, and not into Loss and Gain.

Mankind is of four classes: 1. He who knows not and knows not that he knows not; he is a fool—shun him. 2. He who knows not and knows that he knows not; he is simple—teach him. 3. He who knows and knows not that he knows; he is asleep—awaken him. 4. He who knows and knows that he knows; he is wise—follow him.—*Arabian Proverb.*

MEMORANDA.—SET G¹.*October, 1896.*

1. A., B., C. and D. began business with resources and liabilities as follows : A.'s resources : Cash, \$1,000 ; bills receivable, \$800, note of B.'s, dated September 1, 1896, with interest at 10% ; mdse., \$600. A.'s liabilities : Bills payable, note to C. for \$300, given August 1, 1896, with interest at 6%.
- B.'s resources : Cash, \$1,000. B.'s liabilities : Bills payable, note to A., \$800.
- C.'s resources : Real estate, invoiced at \$2,000 ; bills receivable, note given by A., \$300, with interest to date. C.'s liabilities : James Smith, on account, \$600.
- D.'s resources : Cash, \$500 ; mdse., invoiced at \$1,500. D.'s liabilities : A. Mann, on account \$400.

NOTE.—The firm assumes the resources and liabilities invested by all the partners. The firm cannot owe itself, nor can a note be a Bills Receivable and a Bills Payable to the same person at the same time. The net investment of the partner, however, must be the difference between his resources and liabilities before the formation of the partnership. The foregoing opening entry may be made by debiting the real or permanent resources, and crediting the real or permanent liabilities, and crediting each partner with the difference between his original resources and liabilities, or his net investment. The opening entry may also be made by entering the resources and liabilities of each, and crediting him with the difference ; then check-mark all items that cancel, as Bills Receivable in A.'s investment and Bills Payable in B.'s investment, etc.

3. Sold mdse. to P. Cooper for \$2,000. Terms, 10/10, n/30.

NOTE.—This means 10% off from the face of the bill if it is paid in 10 days, but nothing off if the full time of 30 days is taken.

4. Paid James Smith on account, by check, \$300. Deposit \$2,500 in bank. Bought mdse. to the amount of \$2,000, for cash.
6. Received a draft from P. Cooper at three days' sight on John Doe for amount due on bill of the 3d. Draft accepted.
8. Sold mdse. for \$3,000 cash.
9. D. is permitted to withdraw from the business, taking out his worth in cash. Mdse. inventory, \$1,200. Real estate inventory, \$2,800.
10. Received cash for Doe's acceptance of the 6th.
11. Paid A. Mann, in full of account, \$300 in cash and \$100 in mdse.
12. C. is permitted to withdraw his worth by taking the firm's note for \$1,500 and balance in cash. Mdse. inventory, \$1,200. Real estate inventory, \$3,000.
13. Sold mdse. for cash, \$1,000.
14. Sold real estate for \$600 cash ; the real estate remaining on hand is a farm of 160 acres.
16. A. withdraws by agreement, taking the farm as his share and \$1,000 in cash. Mdse. inventory, \$500. Farm, \$2,300.

SET G².

MEMORANDA.

October.

3. The firm of A. & B. employ you to act as a bookkeeper, at a salary of \$20 per week. It is decided that you are to keep a Cash-Journal, Ledger, and Balance Sheet. The interest of each partner is to be in proportion to his investment.
A.'s resources and liabilities are as follows: Resources: Cash, \$900; John Smith, \$800; bills receivable, \$400. Liabilities: Bills payable, \$400; Peter Cooper, \$200.
B.'s resources and liabilities are as follows: Resources: Cash, \$2,000; bills receivable \$200. Liabilities: Bills payable, \$1,200.
4. Bought mdse. of A. Mann, giving in payment, cash, \$100; a note on hand of Somebody & Co., \$400; and the firm's note at 30 days, with interest at 6%, for balance. Mdse. invoiced at \$700. Discounted the bills receivable on hand at 6% for 33 days, receiving cash for proceeds.
5. Drew a draft on John Smith at 10 days' sight favor of A. Mann, and sent same to Mann to apply on the account of Peter Cooper, less discount. Face of draft, \$200.
8. B. withdrew from the firm, taking his worth in the balance of account against John Smith, put in at 75% of its face value, and balance in cash. Mdse. inventory, \$800.
9. Admitted C. as a partner, on payment of cash equal to A.'s present worth.
10. Discounted the firm's note of \$1,200, given September 3, and drawing interest at 10%. Note given for 60 days. Discount, 6%.
17. Paid Student two weeks' salary in cash. A thief broke in and stole \$10 in cash and an indefinite amount of mdse. Find proprietors' worths. Mdse. inventory, \$500.
18. Admitted D. as a partner, giving him a one-third interest in the losses or gains from this date, by the investment of \$3,000 cash.
20. Discounted the firm's note of the 4th at the bank. Discount, 6%.
21. Make Balance Sheet. Mdse. inventory, \$500.

SET G³.

MEMORANDA.

July, 1895.

1. A. H. Woehner began a wholesale and retail carpet business with the following investments :
Resources—cash deposited in First National Bank, \$5,000 ; A. R. Taylor's note at 60 days from June 1 of this year, with interest, \$500 ; T. H. Dinsmore, due on account, \$500. Liabilities—note favor of J. N. Wilkinson, drawn May 1, at 90 days, with interest, \$1,000 ; note favor M. A. Bailey for \$560.
1. Paid store rent by check, \$100. Employed Student as bookkeeper, and agreed to pay \$100 per month. Purchased books and stationery for the store by check, \$25.
2. Bought furniture for the store, and paid the same by check, \$200. Ordered of Wm. Clark by letter, subject to draft at 30 days' sight: 1,000 yards ingrain carpet; 500 yards moquette; 400 yards Wilton. Drew check for \$5 for change in the cash drawer.
3. Placed advertisement in *Daily Republican* to stand one month.
7. Received goods ordered from Wm. Clark. Paid freight charges by check, \$28. Accepted Clark's draft drawn at 30 days' sight, \$2,000 ; balance remitted by draft drawn on First National Bank of New York by First National Bank, Emporia, \$200. Sold M'L. Jones carpets amounting to \$1,500, receiving in payment her note for 30 days, dated August 1, \$1,000 ; balance in cash, \$500.
9. Received from T. H. Dinsmore his note to balance his account, due in 30 days, with interest, \$100 ; a draft on J. N. Wilkinson at sight, \$300 ; cash, \$100. Wilkinson paid draft by giving us a receipt for payment on our note to him.
10. Paid bill for advertising by check, \$45.50.
11. Discount at the bank all notes on hand, receiving cash for proceeds.
11. Paid Student, by check, two weeks' salary, \$50.
12. INVENTORY: Merchandise, \$1,300 ; fixtures, \$150 ; rent, \$50. Admit Student as an equal partner. He is to invest cash equal to Woehner's present worth.

SET G⁴.

MEMORANDA.

October.

1. A., B. and C. formed a partnership, the interest of each to be in proportion to the investment.
A.'s resources were : B., on account, \$600 ; C., on account, \$900 ; D., on account, \$800. A.'s liabilities were : E., on account, \$200 ; F., on account, \$300.
B.'s resources were : G., on account, \$1,000; cash, \$500. B.'s liabilities were: A., on account, \$600 ; C., on account, \$200 ; H., on account, \$100.
C.'s resources were : B., on account, \$200 ; H., on account, \$100 ; cash, \$900. C.'s liabilities, were : A., on account, \$900.
2. Drew a draft at sight on D. for \$800, favor of I., and sent to I. to apply on the account of F., \$300, E., \$200, and balance to be sent in merchandise.
3. Drew a draft for \$1,000, at 30 days' sight, on G., and discounted the same at bank for 33 days at 6%.
4. Sold a \$200 bill of merchandise to J., receiving in payment his note for \$200, at 10 days, with interest at 6%.
5. Bought merchandise of K., invoiced at \$2,000, giving in payment \$300 cash, and our note at 30 days, with interest at 6%, for balance.
8. Discounted note on J. at 6% at bank, receiving cash for proceeds.
10. Sold merchandise billed at \$1,000 to L., at 10/10, 5/20, n/30.
14. L. returned certain articles of merchandise sent him on the 10th, which were invoiced at \$16, and sent bank draft for the amount due us.
15. Discounted our note of the 5th, paying proceeds in cash.
16. Close Ledger.

INVENTORY.—Merchandise, \$200.

SET G⁵.

MEMORANDA.

October, 1896.

The firm of A., B., C. & D. employ you as bookkeeper at a salary of \$20 per week. It is decided that you are to keep a Cash-Journal, Ledger, and Balance Sheet. The interest of each partner is to be in proportion to his investment. Their resources and liabilities are as follows:

A.'s resources: Cash, \$1,200; bills receivable, \$800; note of B.'s dated Sept. 1, 1896, with interest at 10%; mdse., \$700. A.'s liabilities: Bills payable, \$200; Peter Cooper, \$500.

B.'s resources: Cash, \$1,500; C., on account, \$300; mdse., \$500. B.'s liabilities: Bills payable, note to A., \$800.

C.'s resources: Cash, \$700; real estate valued at \$1,000. C.'s liabilities: B., on account, \$300; A. Mann, \$400.

D.'s resources: Mdse. invoiced at \$1,250.

3. Sold mdse. to Peter Cooper for \$1,500. Terms, 5/10, n/20.
4. Paid A. Mann on account by check, \$250. Bought of A. Mann, on account, mdse. invoiced at \$800.
5. Received a draft from Peter Cooper at 3 days' sight on John Doe to settle his account; draft accepted.
6. Sold mdse. for \$1,750 cash. Accepted A. Mann's draft on us, favor Peter Cooper, at 3 days' sight, for \$750.
9. Sold John Smith, on account, mdse., \$150. Sold mdse. to Peter Cooper on account, for \$350.
10. D. is permitted to withdraw from the firm, taking out his worth in cash. Mdse. inventory, \$1,500; real estate inventory, \$1,200.
11. Drew a draft at 10 days' sight on John Smith, and sent same to A. Mann to apply on account; face of draft, \$150.
11. Received cash of John Doe for his acceptance of the 5th inst. Bought a bill of mdse. of A. Mann, giving in payment, cash, \$100, a sight-draft on Peter Cooper for \$250, and the firm's note at 30 days, with interest at 6%, for balance. Mdse. invoiced at \$850.
12. Peter Cooper offers the balance of his account against John Smith for 66⅔% of its face value. His offer accepted. Face value of John Smith's account, \$1,350. Paid our acceptance of the 6th inst.
13. Discounted the firm's note of the 11th at the bank.
15. E. is admitted as a partner, and on account of his experience in the mercantile world he is allowed a salary of \$10 per week in addition to his share of the firm's losses or gains, which is in proportion to his investment. Cash invested, \$3,000. Inventories same as on the 10th, with the addition of property at cost, purchased since that date.
15. Peter Cooper is paid in full of account, cash, \$100, and the balance in mdse. Received from John Smith, to apply on his account, his note at 30 days for \$600; cash, \$400; mdse., \$200. Gave him a receipt in full of account. Paid Student two weeks' salary in cash.
16. C. is permitted to withdraw his worth by taking the real estate, valued at \$1,000, and balance in cash. Mdse. inventory, \$2,000.
17. Sold Peter Cooper, on account, mdse. amounting to \$400. Sold mdse. for \$600, cash.
18. Bought of A. Mann mdse., for which he accepts our account against Peter Cooper for 80% of face value; cash, \$280. Mdse. invoiced at \$600.
20. Thieves broke in the store and stole \$20 in cash and an indefinite amount of mdse.
22. E. is paid one week's salary.
23. Make Balance Sheet. Mdse. inventory, \$1,200.

SET G⁶.

MEMORANDA.

S. H. Rich and J. O. Graham, coal dealers, for many years divided their profits in the following manner: Each partner was credited with interest at 5 per cent. per annum on his capital at the end of the year, and the balance of net profit was then equally divided. The articles of copartnership provided that, on the death of either of them, the survivor should take the business and enter into a bond with the executors of the deceased partner to pay out, within a term of years, the amount of his capital, with proportion of interest and share of profits at the date of death.

S. H. Rich died on the 13th of February, 1889. You are required to journalize and post their transactions from the following notes, and to ascertain the amount of capital of the respective partners at the time of their dissolution.

Enter in Cash Journal, post, close Ledger, and present a Balance Sheet.

January 1, 1889.

S. H. Rich credited with.....	\$2,371	They owned wagons, horses and carts	
J. O. Graham credited with.....	2,025	worth.....	\$1,299
They had a stock of coal on hand worth.	2,847	Cash on hand.....	74
Sprague & Co., agents, Hartford, coal		They held bills receivable:	
(estimated), at cost.....	450	No. 48. W. S. Picken.....	49
They owed to the Union Mining Co.....	724	No. 49. J. Black.....	28
They owed the Santa Fe R. R. Co.....	185	No. 50. W. H. Johnson.....	129
They owed P. Woodworth.....	976	Their debtors on open accounts were:	
They had bills payable outstanding to:		C. W. Robins.....	127
Wood & Co.....	86	Will White.....	79
Cook & Co.....	101	Peter Stokes.....	109
They had cash in the bank.....	876	Various persons.....	401

2. Sold Peter Stokes, for cash, 50 tons coal for \$144.
4. Received check from Peter Stokes, on account, \$75.
5. Paid wages, \$32.
7. Bought of Union Mining Company, 200 tons at \$2, for note at 2 months, \$400.
9. Paid Cook & Co.'s bill, by cash, \$101.
10. Shipped to our agents, Sprague & Co., Hartford, 500 tons at \$2, \$1,000.
11. Received of C. W. Robins, check for \$125, and sent him receipt in full of his account.
12. Paid freight and sundry expenses, cash, \$5.
13. Sold W. H. Johnson, 300 tons at \$5, \$1,500; received his check for \$500; received his note at 2 months for \$1,000.
15. Received of Sprague & Co., Hartford, account of sales, with sight-draft for \$2,000.
17. Paid Wood & Co.'s acceptance, \$86.
18. Sold Thos. King, 140 tons coal at \$3, \$420; received his check, less 2% discount allowed him, \$411.60; received cash on sundry debts collected, \$107.
19. Paid wages, \$24.

21. Paid Union Mining Company, on account, \$500; paid Santa Fe Railroad Company, \$137.
24. Received of Sprague & Co., Hartford, account of sales, and sight-draft for \$407. By agreement, this terminated their agency.
25. Bought of P. Wood, 18 coal trucks, on note at 3 months, \$720.
26. Received cash on sundry accounts collected, \$75; deposited in bank, \$165.
27. Received of Will White, in full of account, \$79; gave receipt in full. Sold P. Stokes 500 tons, on his note at 3 months, \$1,600.
28. Received payment of bill sent W. S. Picken, \$49; paid sundry expenses and taxes, \$3.
31. Paid rent, \$10. Sold C. W. Robins, 180 tons at \$3, \$540; received check on account, \$500.

February.

1. S. H. Rich drew out cash, \$200; J. O. Graham drew out cash, \$200.
5. Received of J. Black, payment of bill, \$28.
13. On this date the partnership was dissolved by the death of S. H. Rich. Coal on hand valued at \$1,500. Interest had accrued on partners' worths since January 1. Wagons, carts and horses estimated to be worth \$100 less than cost.

QUESTIONS.

1. Explain the purpose of each of the six sets G.
2. Why is the Cash-Journal the best form of book for a person not engaged in a large business?
3. How does the Cash-Journal differ from the ordinary Cash Book?
4. How could a transaction *not* involving cash be disposed of in a Cash-Journal?
5. How can you test the accuracy of entries made in the Cash-Journal?
6. What are the four classes of mankind? To which do you belong?
7. Explain how certain partners withdrew from the firms in the sets G.
8. Explain canceling items in partnership formations.
9. Palmer, Fahnestock, Hausam and Pentz form a partnership; interest to be in proportion to the investment.
 Palmer's resources were: Cash, \$100; Fahnestock, on account, \$500. Liabilities: Hausam, on account, \$400.
 Fahnestock's " " Cash, \$200; Pentz, " \$500. " Palmer, " \$500.
 Hausam's " " Cash, \$300; Palmer, " \$400. " Pentz, " \$500.
 Pentz's " " Cash, \$200; Hausam, " \$500. " Fahnestock, " \$500.
 (a) What were the aggregate resources before the formation of the partnership? (b) After? (c) What was the aggregate worth of the four before the formation of the partnership? (d) After? (e) What two Journal entries could be made for the opening? (f) What entries cancel? What is the interest of each?
10. Eskridge, Stout and Rowland form a partnership. The net investment of Eskridge is \$954; Stout, \$876; Rowland, \$1,297. It is agreed that they shall receive 6% interest on all investments over \$800, and share the losses or gains equally. They remain in business a year, and then find that, before paying interest on the extra investment, the gains exceed the losses by \$1,500. What are their present worths?

SET H.

FORMS OF JOURNALS.

OBJECTS.—To illustrate the tendency to improve upon the old Journal by the use of special columns.

INSTRUCTIONS.—The teacher may have the student rule any of the various forms of Journal, and enter in them any of the sets in this book. Special columns may receive the name of any account occurring frequently in the business. The totals of these columns are posted whenever desired. This set should be entered in each of the seven Journal forms.

Columnar Journals, or books which have the same object in view, are very popular in all of the large business houses of to-day. Their advantage is in grouping like items of debit or credit, that time may be saved by the posting of totals, or, like the Cash Book, in dispensing with the posting entirely.

“Time is money, and times are hard.”

“Few things are impossible to skill and industry.”

MEMORANDA.—SET H.

January, 1897.

2. Student began business with following resources and liabilities : Resources — cash, \$1,000 ; mdse., \$700 ; unexpired rent on store building, \$200. Liabilities : John Bailey, on account, \$200 ; bills payable, dated December 1, 1896, for \$300, with interest at 6%.
4. Sold mdse. billed at \$500 to Geo. Barcus ; terms, 10/10, 5/20, n/60.
5. Bought mdse., invoiced at \$1,800, of V. E. Creighton & Co.; terms, 30 days. Sold John Bailey, on account, mdse. invoiced at \$400.
6. Sold mdse. to Fremont Miller, invoiced at \$600, taking in payment his note at 30 days for \$300, and a bank draft on First National Bank, New York, drawn by Admire National Bank, for \$300.
7. Bought coal for use of store, for cash, \$12 ; paid cash for insurance policy of \$1,500 on stock of goods ; premium, three-fourths of 1%.
10. Sold John Perry mdse. billed at \$500 ; terms, 10 days.
11. A fire consumed all the mdse. on hand.
14. Received from the insurance company the full amount of the insurance policy held.
15. Compromised with John Bailey, accepting \$150 cash in full of his account.
17. Discounted our note of December 1, 1896 ; time of discount, 33 days.
20. Received cash of Geo. Barcus for bill of January 4.

February.

4. Paid bill of January 5 by a sight-draft drawn on John Perry for amount of his bill of January 10, plus interest at 6% from maturity, 15 days, and balance in cash.
6. Bought of Sanford Sites, at 30 days, mdse. invoiced at \$740.
20. Accepted a draft, at 30 days, drawn by Sanford Sites favor of James Nolan, for \$500.
22. Bought of Sanford Sites, at 60 days, mdse. invoiced at \$1,000.
27. Bought real estate of C. A. Shively, on account, at 30 days, for \$700.

March.

1. Sold real estate to Sanford Sites, at 25 days, for \$800.

Date unknown. Equated Sanford Sites's account and paid him amount necessary to balance his account.

Find the equated date. What amount would equitably settle his account if paid March 5?

* NOTE.—Consult your arithmetic for explanation of equation of payments. While it is an interesting and mathematically correct principle, it is not always practicable, and is not enforceable by law. It is practically unknown in business.

(— —) On above date, find Student's worth and close accounts.

INVENTORY.—Mdse., \$2,000.

JOURNAL A (Common Journal).

JAN. 2, 1897.

		Cash,	1,000				
		Mdse.,	700				
		Expenses, inventory,	200				
		John Bailey,				200	
		Bills Payable,				300	
		Student,				1,400	
Jan.	4	Geo. Barcus,	500				
		Mdse.,				500	
	5	Mdse.,	1,800				
		V. E. Creighton,				1,800	
	5	John Bailey,	400				
		Mdse.,				400	
	6	Bills Receivable,	300				
		Cash,	300				
		Mdse.,				600	
	7	Expense,	23	25			
		Cash,				23	25
	10	John Perry,	500				
		Mdse.,				500	
	14	Cash,	1,500				
		Mdse.,				1,500	
	15	Cash,	150				
		Loss and Gain,	50				
		John Bailey,				200	
	17	Bills Payable,	300				
		Interest,	4				
		Cash,				302	33
		Discount,				1	67
	20	Cash,	475				
		Mdse. Discount,	25				
		Geo. Barcus,				500	
Feb.	4	V. E. Creighton,	1,800				
		Cash,				1,298	75
		John Perry,				500	
		Interest,				1	25
			10027	25		10027	25
			10,027	25		10,027	25

JOURNAL B (Six-Column Journal).

January 2, 1897.

Cash.	Mdse.	Sundries.	L. P.	L. P.	Sundries.	Mdse.	Cash.
1,000	700	200	✓	Expense, Owe him on acct., Outstanding, Investment,	On hand, Inventory, Inventory—Unexpired rent, John Bailey, Bills Payable, Student,	✓	
		500	✓	Geo. Barcus,	4. On acct.,		
	1,800	400		On acct., John Bailey,	5. V. E. Creighton, On acct.,	1,800	
300		300	✓	Bills Receivable,	6. Sold Fremont Miller,	400	
		23 25	✓	Expense.	7. Coal for store, Insurance,	600	
		500	✓	John Perry,	10. On acct.,	500	23 25
1,500				Recd. from Insurance Co.,	11. On acct.,	1,500	
150		50	✓	Loss and Gain, Accepted in	15. John Bailey, full of acct.		
		300 4	✓	Bills Payable, Interest,	17. Discount note of Dec. 1, Discount,	1 67	302 33
475	25	1,800	✓	Recd. on bill of 4th, less dis., Feb.	20. Geo. Barcus,	500	
		4,077 25		V. E. Creighton, Amt. of bill of Jan. 10, For 15 ds. overdue,	4. In full of acct., John Perry, Interest,	500 1 25	1,298 75
3,425	2,525	2,525 3,425	✓	Mdse., Cash,	Mdse., Cash, Cash Balance,	4,902 92 3,500 1,624 33	
		10,027 25		Cash Balance,	4. Feb.	10,027 25	
1,800 67							

JOURNAL C (Eight-Column Journal).

[illegible]

[illegible][illegible]

SET I¹.

SHIPMENTS AND CONSIGNMENTS.

OBJECTS.—(1) Drill on making difficult Journal entries, including joint shipments. (2) Acquaintance with the methods of shipping and form of statements.

INSTRUCTIONS.—Journalize, simple Journal form, and follow any logical order of procedure to close of set. The teacher may, at his discretion, require this set to be written in any of the various Journal forms.

“Every man is a book ; those who know how can read him.”

“When the occasion is piled high with difficulty, we must rise high with the occasion.”

COMMISSION, OR SHIPMENTS AND CONSIGNMENTS.—SET I¹.

Shipment is the name given to accounts representing the cost of goods sent to others — usually a commission merchant — to be sold on account and risk of the shipper. The shipments are distinguished as Shipt. No. 1, No. 2, etc. The terms Risk, Venture and Speculation may be used instead of Shipment. The one making the shipment is called the consignor, and the one receiving it the consignee.

A shipment account belongs to the property class, and is debited or credited according to the principles for property. If it is desired to close the books before returns have been received from the shipment, the cost of the shipment is taken as an inventory, and is accordingly placed among the resources.

An Account Sales is a statement giving an account of the sales, together with the charges, commission, etc., and showing the net proceeds. It is sent by the consignee to the consignor.

Shipments in Company, or Joint Shipments, or Joint Ventures, as they are variously called, consist of a shipment by one or more persons to a commission merchant who assumes a share of the risk. Such a transaction involves no new principles. Debit the commission merchant for the amount he gets into your debt, and debit the shipment with its cost, or the amount of the risk taken. The shipping charges are a part of the cost of the goods, and the consignee must be debited with his share.

Consignments, Sales, Commission Sales, etc., are terms applied to goods received to be sold on the consignor's account and risk. The consignee debits Consignment account when the goods are received with their cost to him, but not with their original cost. He credits the consignment with amounts received when the goods are sold. He debits the consignment with his commission, and credits Commission account, which will show his gain. He debits Consignment account with the net proceeds, which are remitted to the consignor, or for which the consignor is given credit. The loss or gain produced by the consignment is not shown on the face of the account, as in shipments.

Consignment Company or Merchandise Company, or Joint Consignment No —, are the terms applied to goods received by a commission merchant to be sold partly on the account of the consignor and himself. The account may be treated the same as an ordinary consignment, or it may be made to show the loss or gain on its face, as any other property account.

The books used for a shipment and consignment business are many, and will be fully explained in Advanced Bookkeeping.

MEMORANDA.—(ILLUSTRATIVE.)

October, 1896.

1. Began business with \$6,500, in cash. Shipped and consigned to Smith & Co., Kansas City, to be sold on our account and risk, wheat purchased of farmers this date for \$1,595, cash; paid drayage, man, etc., \$15.
6. Shipped to Brown & Co., St. Louis, apples bought for cash this date for \$3,000, and on which they have agreed to assume half the risk, and have a proportionate share of the gains; paid shipping expenses, \$25.
10. Received from Sweet & Co., New Orleans, to be sold on their account and risk, one car-load of bananas and oranges; paid freight and cartage, \$20.
11. Sold Jones & Stone bananas and oranges received from Sweet & Co., for \$1,200, cash.
12. Received from Peters & Co., Kansas City, one car-load Missouri potatoes, invoiced at \$600, on which we agree to take one-fourth risk; paid freight and drayage, \$30.

12. Received of Smith & Co. the attached account sales, showing our net proceeds to be \$1,545.12 for which they remitted a bank draft in settlement:

SMITH & Co.,
GRAIN COMMISSION MERCHANTS.

Mr. Your Name,

Kansas City, Mo. Oct. 11 189 6

Somewhere, Kan.

Below find account sales of wheat, showing net proceeds, \$ 1,545.12

for which find inclosed New York exchange.

Respectfully soliciting a continuance of your favors, we are,

Yours truly,

189 6 SMITH & CO.

Oct.	5	400 bu.	@ \$0.50	200			
"	6	1,000 bu.	@ .75	750			
"	7	800 bu.	@ .90	720			
"	9	600 bu.	@ 1.00	600		2,270	
"	5	Freight charges,		224	88		
"	9	Drayage and storage,		100			
"	9	Commission,		400		724	88
						1,545	12

20. Received account sales from Brown & Co., St. Louis, for apples sent on the 6th. Our proceeds, remitted in cash, \$4,000.
21. Rendered Sweet & Co. an account sales of their consignment of the 10th. Our commission at 10% on sales, \$120. Sent bank draft for proceeds. Find worth.

The foregoing transactions, journalized, would appear as follows:

Oct.	1	Cash,	6,500			
		Self,			6,500	
"	1	Shipt. Smith & Co.,	1,610			
		Cash,			1,610	
"	6	Shipt. Brown & Co.,	1,512	50		
		Brown & Co.,	1,512	50		
		Cash,			3,025	
"	10	Con. Sweet & Co.,	20			
		Cash,			20	
"	11	Cash,	1,200			
		Con. Sweet & Co.,			1,200	
"	12	Con. Peters & Co.,	180			
		Cash,			30	
		Peters & Co.,			150	
"	12	Cash,	1,545	12		
		Shipt. Smith & Co.,			1,545	12
"	20	Cash,	4,000			
		Brown & Co.,			1,512	50
		Shipt. Brown & Co.,			2,487	50
"	21	Con. Sweet & Co.,	1,180			
		Com.,			120	
		Cash,			1,060	

QUESTIONS ON SHIPMENTS AND CONSIGNMENTS.

1. Define Shipments.
2. What other terms may be used instead of Shipments?
3. When debit Shipments?
4. When credit Shipments?
5. To which class of accounts, with respect to results, does Shipment account belong?
6. If you desire to find your worth before returns have been received from certain shipments, how will you treat Shipment account?
7. What is an Account Sales?
8. What are Joint Shipments or Ventures in Company?
9. How journalize a joint shipment?
10. Define Consignments.
11. Define Commission.
12. When debit Consignments?
13. When credit Consignments?
14. Is the loss or gain produced by the Consignment shown on the face of the account?
15. How do you treat Consignments in Company or Consignments received on Joint Account?
16. If you desire to find your worth, and you have goods on hand belonging to a consignment, how would you treat them?
17. If the Consignor should draw on you before you have sold all the goods belonging to the consignment, what entry would you make, if the draft were a 30-day acceptance?
18. You drew a sight-draft for \$100 on T. B. Brown, Topeka, to whom you had previously consigned mdse., and sent same to O. P. M. McClintock to apply on the account of W. M. Davidson. What is your Journal entry?
19. Which side of a Shipment account will be the greater when it shows a loss? A gain?
20. Why is wheat usually worth more in Kansas City than in your home market?

SET I².

SHIPMENTS AND CONSIGNMENTS.—MEMORANDA.

December.

1. J. F. Dunn, of Wichita, Kan., began a commission business on general farm produce, investing \$2,000 in cash. Paid one month's rent in advance, \$25. Bought office desk and chairs for \$45, office books, blanks, etc., \$5.50.
2. Bought for cash of T. A. Bickford, Pittsburg: 8 tubs butter, 24, 30, 26, 28, 27, 24, 29, 28 lbs., at 13 cts. Paid freight and drayage, \$2.75. Received from Silas Benner, Great Bend, to be sold on his account and risk: 6 cases eggs, 30 dozen each; 125 lbs. cheese. Paid freight and cartage on same, \$1.75. Sold to J. C. Ranney, on account, 4 tubs butter, 108 lbs., at 18 cts.
4. Received from O. B. Clinard, Stafford, 5 dozen turkeys, to be sold on his account and risk. Sold 6 cases eggs, 30 dozen each, at 16 cts. (Consignment S. Benner.) Bought for cash, 576 lbs. dressed chickens, at 5 cts. Sold to C. W. Mills, on account, 125 lbs. cheese, at 15 cts. (Con. S. Benner.)
5. Received from Henry Lawson, Beloit, to be sold on his account and risk, 542 lbs. cheese. Sold to W. A. Wilson, for cash, 4 tubs butter, 108 lbs., at 17 cts. Sold to D. C. Sands, Harper: 5 dozen live turkeys, 750 lbs., at 6 cts. Terms, 2/10. (Con. O. B. Clinard.) Received from John R. Picken, Topeka, per A. T. & S. F. R. R., 600 lbs. creamery butter, to be sold on his account and risk; 12 lbs. wasted in shipping. Paid freight on same, \$3.50.
6. Rendered account of sales to Silas Benner, Great Bend, reserving 5% commission and remitting check for proceeds. Shipped Beadle & Smith, Lawrence, to be sold on their account and risk, 576 lbs. dressed chicken. Bought for cash, 50 dozen eggs, at 12 cts. Paid clerk hire for the week in cash, \$12.50.
7. Paid for glazing front windows of establishment, \$15. Sold to Wm. C. Black, Winfield, on his note at 30 days, 400 lbs. cheese, at 13 cts. (Con. Henry Lawson.)
8. Sold for cash to Hines & Ball, Wellington, 3 doz. eggs at 15 cts. Shipped to Hall & Co., Kansas City, Kan., to be sold on our account and risk, 300 lbs. creamery butter at 15 cts. (Con. J. R. Picken.)
9. Paid for advertising, \$10. Received from D. C. Sands, Harper, check in payment of his purchase of the 5th. (Con. O. B. Clinard.) Remitted proceeds to O. B. Clinard. Cost of draft, 10 cts.; commission on sales, 5 per cent.
11. Sold to Green & Dillon, on note at 10 days, 288 lbs. creamery butter, at 18 cts. (Con. Jno. R. Picken.) Wm. C. Black discounted his note of 7th, at 6%. (Con. H. Lawson.) Sold for cash to R. O. Winston, Arkansas City, 142 lbs. cheese, at 14 cts. (Con. H. Lawson.) Remit proceeds of sales to H. Lawson, reserving commission of 5%. Received check from Beadle & Smith, Lawrence, for proceeds of shipment of the 6th, \$32.
12. Received proceeds of shipment of 8th, from Hall & Co., \$51.30. Sold for cash to Hunter & Davis, 20 doz. eggs, at 16 cts. Received from Silas Benner, Great Bend, to be sold on his account and risk, 500 lbs. common fowl; 30 doz. eggs.
13. Paid cash for new sign, \$12. Bought for cash, 400 lbs. skim cheese, at 4 cts. Sold for cash, 300 lbs. fowl, at 6 cts. (Con. S. Benner.) Received from O. B. Clinard, to be sold on his account and risk, 80 bu. apples; 60 doz. eggs.

14. Received from Hunter & Davis on account, 300 lbs. hams, at 8 cts. Sold for cash, to W. R. Collins, Independence, 20 doz. eggs, at 18 cts. (Con. S. Benner.)
15. Sold J. D. Benson, for cash, 50 bu. apples, at \$1. (Con. O. B. Clinard.) Bought on our note at 30 days, 200 bu. potatoes, at 60 cts. Sold Mooney & Clinesmith, for cash, 10 dozen eggs, at 20 cts. (Con. S. Benner.)
16. Sold Harlan & Groves, for cash, 200 lbs. common fowl, at 8 cts. (Con. S. Benner.) Bought, for cash, 300 lbs. live turkeys, at 6 cts. Remit proceeds of sales to S. Benner, reserving commission, 5 %.
18. Sold M. R. Dunn, on account, 30 bu. apples, at \$1. (Con. O. B. Clinard.) Received from Chas. B. Winford, Neodesha, to be sold on his account and risk: 80 dozen eggs, 350 lbs. live fowl. Bought of Jas. Welsh, at $3/5$, 300 bu. potatoes, at 70 cts. Paid freight, \$7.50; drayage, \$3.
19. Sold A. B. Wells, for cash: 250 lbs. skim cheese, at 5 cts.; 200 lbs. hams, at $9\frac{1}{2}$ cts. Sold, for cash, to J. D. Wuner, Medicine Lodge, 20 dozen eggs, at 18 cts. (Con. O. B. Clinard.) Took on our account and risk, Con. from C. B. McCormick, Elk Falls, 8 tubs creamery butter, 25, 28, 27, 30, 26, 23, 24, 30 lbs., at 18 cts. Paid freight, \$2.25.
20. Sold N. D. Bell, Kingman, for cash: 100 lb. hams, at 10 cts.; 250 bu. potatoes, at 90 cts.: Sold Rogers & Dunham, Winfield, on account: 200 bu. potatoes, at \$1; 150 lbs. live turkeys, at 8 cts. Shipped Ward & Brown, Wellington, 350 lbs. live fowl, at $6\frac{1}{2}$ cts. (Con. Chas. B. Winford.) Paid express and drayage, \$2. Received from John R. Coutts, Anthony, to be sold on his account and risk, 200 lbs. hams, at 9 cts. Received cash on account from M. R. Dunn, \$30.
21. Sold B. C. Gunn, Arkansas City, on account: 150 lbs. skim cheese, at 5 cts.; 50 bu. potatoes, at 90 cts.; 50 lbs. live turkeys, at 7 cts. Shipped Grayson & Mills, Atchison, to be sold on our account and risk, 218 lbs. creamery butter, at 18 cts. (Con. C. B. McCormick.)
22. Remitted check to Jas. Welsh for bill of the 18th. Shipped Shirley & Clover, Topeka, 100 lbs. live turkeys, at 8 cts. Paid express and drayage, \$2.75. Received from Grayson & Mills, check in payment of shipment of the 21st, \$43.60. Received check from Ward & Brown, for shipment of the 20th, \$21.
23. Sold Chas. Coleman, for cash, 40 dozen eggs, at 18 cts. (Con. O. B. Clinard.) Sold, for cash, 50 lbs. hams, at $10\frac{1}{2}$ cts. (Con. J. R. Coutts.) Sold Jas. G. Janney, Winfield, for cash, 80 dozen eggs, at 19 cts. (Con. C. B. Winford.) Paid expressage and drayage, \$1.25. Rendered acct. sales to O. B. Clinard and C. B. Winford, reserving 5% commission and paying proceeds in cash by remitting check. Sold, for cash, to Carter & Morris, Winfield, 150 lbs. hams, at 10 cts. (Con. J. R. Coutts.) Paid freight in cash for the week, \$3.42. (\$2 on Con. C. B. McCormick, \$1.42 on Con. J. R. Coutts.) Rendered acct. sales to J. R. Coutts and C. B. McCormick; commission, 5%. Merchandise inventory, \$200.

Journalize, foot, and close accounts. Find present worth of J. F. Dunn.

SET I³.

MEMORANDA.

October, 1896.

1. Student decided to engage in general merchandise business; investment as follows: Cash, \$2,500; house and lot, 1215 Knowledge St., \$1,525, assessed value. Rented store, and paid rent in advance, \$50. Bought a Day Book, Journal and Ledger for \$4.
2. Bought of R. Crew, for cash: 200 yds. linen at 25 cts.; 350 yds. calico at 2 cts.; 190 yds. all-wool serge at 50 cts.; 125 yds. silk at 75 cts.; 400 handkerchiefs, lot No. 1, at 6 cts., 230 handkerchiefs, lot No. 2, at 10 cts.; 300 pairs mittens at 20 cts.; 225 pairs gloves at 70 cts.; 25 suits clothes at \$16.
3. Sold J. Jenkins, on account: Suit clothes, \$20; 1 pair mittens at 35 cts.; 2 handkerchiefs, lot No. 2, at 10 cts.
4. Sold S. Harvest, for cash: 25 yds. silk at \$1.20; 3 pairs gloves at \$1.05; 5 handkerchiefs, lot No. 2, at 15 cts.
5. W. Putnam bought: 3 suits clothes at \$20; 20 yds. calico at 5 cts.; 10 yds. linen at 50 cts. Received in payment his note at 30 days.
6. J. Jenkins paid bill of the 3d. Cash sales, \$16.25. Posted all accounts at close of day, and decided to combine Day Book and Journal next week.
8. Bought of R. P. Adley, on my note at 4 months, bill of goods amounting to \$624. Paid for advertising in *Chronicle*, \$1.50. Deposited \$200 in First National Bank. Bought horse and wagon for \$250.
9. Drew out for private use, \$4.60. Saw advertisement in the *Spokane Daily News* of auction sale of L. Shaw's merchandise. Went to the sale and bought a bill of goods for \$300, cash. Paid drayman for delivering goods, \$1.50.
10. Paid errand boy 25 cts. Discounted W. Putnam's note of the 5th at First National Bank at 6%, and deposited proceeds to your credit.
11. Sold L. Swift: 6 prs. mittens at 35 cts.; 1 pr. gloves, 35 cts.; 12 handkerchiefs, lot No. 2, at 15 cts. Received in payment, cash, \$1.50; balance on account.
12. Paid my note favor R. P. Adley of the 8th, less discount at 6 per cent.
13. Bought safe for office of Link Furniture Company for \$175, and gave in payment my note at 30 days for \$100; balance on account. Paid drayman for delivering it, by check on bank for \$2.50. W. Belden has decided to enter into partnership with me next week. Closed all books, and made Balance Sheet. Inventory: Merchandise, \$1,803.06; expense, rent, one-half month, \$25; real estate, \$1,550; horse and wagon, \$200; office fixtures, \$175.
15. W. Belden was admitted as partner into the business, investing an amount equal to one-half your present worth, losses and gains to be proportional to investment. A grocery department was to be kept in connection with the dry-goods. The Day Book-Journal was abolished, and Cash Book, Journal and Sales Book substituted for it. W. Belden's investment was as follows: Note of \$200, dated January 10, 1896, due in one year from date, against W. Rogers, interest, 6 per cent. (taken at present worth); merchandise, \$475; balance in cash. Bought groceries of A. Rodman & Co., Kansas City, to amount of \$1,200, giving in payment firm's note at 30 days for \$950, and cash for balance.
16. Sold S. Harvest: 15 yds. linen at 50 cts.; 10 yds. silk at \$1.20; 3 prs. mittens at 35 cts.; 12 handkerchiefs, lot No. 2, at 15 cts. Received in payment draft on M. Moses at 10 days' sight, which he accepted, for \$12.50. S. Harvest gave his note for balance, due in 90 days.

17. Lost on Sprague St., \$25. Advertised in *Daily Chronicle* for same, paying 25 cts. for advertisement. Bought carpet for office of Link Furniture Company for \$10.50; accepted draft for the amount at 10 days' sight, payable to A. Madison. Cash sales, \$23.75.
18. Gave to missionary cause, \$4.85. The \$25 lost is returned; gave as reward, \$1.25. Paid for stamps and paper, \$1.75. Received a letter from D. Dennis, commission merchant at Kansas City, offering to sell all farm products on commission of 5%. Accepted the offer.
19. Sold S. Swift: 20 lbs. sugar at 5 cts.; 10 lbs. coffee at 25 cts.; 3 lbs. tea at 75 cts.; 10 lbs. rice at 5 cts.; 3 cans tomatoes at 25 cts. In payment, received a draft on A. Harvey, at 30 days after date, for the amount of the bill. Train killed horse, and completely destroyed wagon. Sue railroad for damages, \$200.
20. Found \$40 on the floor that had been dropped by some customer. Received from T. Murphy, St. Louis, an offer for us to sell sewing-machines at a commission of 6%. Wrote an answer accepting the same. Bought for cash: 100 bu. potatoes at 30 cts.; 125 bu. apples at 40 cts.; 200 lbs. butter at 10 cts. Shipped the same to D. Dennis, to be sold on our account and risk. Sold to S. Harvest: 4 cans oysters at 20 cts.; 3 doz. oranges at 25 cts.; 5 boxes crackers at 25 cts.; set of dishes, 101 pieces, \$20; 5 yds. calico at 5 cts.; 10 yds. silk at \$1.20. Received in payment a note, indorsed by S. Harvest, on P. Powers, dated Jan. 4, due in 6 months, discount 6% off; amount of note, \$30; balance on account. Posted at close of day and concluded that Cash-Journal would require less work; substitute it for Cash Book and Journal.
22. Paid for advertisement in paper, \$3. Bought chair of Link Furniture Company for office, giving in payment, \$6 cash; balance, \$3, on account. Received from T. Murphy, 40 New Home sewing-machines, to be sold on his account and risk. Paid charges on the same, freight, \$20, drayage, \$2. Had stock of goods insured in the German Insurance Company for full value, considered at \$3,125, at $\frac{3}{4}$ %; pay cash for insurance.
23. The owner of \$40 came in inquiring for money lost on the 20th. We returned the amount to him, and he gave us as a reward \$2.35. Sold 4 machines, T. Murphy's consignment, at \$35, cash. Received damage from railroad company for horse and wagon, \$200. Bought 2 horses at \$50, and wagon, \$45. Paid cash for same. Received acct. sales from D. Dennis, remitting cash for net proceeds, \$125.35. Bought merchandise of K. Ball & Co., Chicago, amounting to \$365. Gave in payment a note of \$200, due in 30 days, and cash for balance. Sold 10 machines, T. Murphy's consignment, at \$35, to R. Leedy, receiving in payment his note at 30 days for \$150; 2 shares of Cœur d'Alene mining stock at \$100.
24. Sold K. Young: 1 bbl. vinegar, \$6.20; 1 bbl. sorghum, \$12.40; 5 cans peaches at 10 cts.; 100 yds. calico at 5 cts.; 50 yds. linen at 50 cts. Received in payment: 25 bu. potatoes at 30 cts., 20 bu. apples at 50 cts., and a check on Cannon's Bank for balance. Bought of O. Pond: 150 dozen eggs at 10 cts.; 140 lbs. cabbage at 3 cts.; 40 bu. beets at 25 cts.; 30 bu. onions at 60 cts. Gave in payment a draft on ourselves at 60 days' sight for \$20; cash for balance. Shipped the same to Dennis & Co., K. C., to be sold on our account and risk. Cash sales, \$125. Fire occurred in our block; none of our goods were burned, but part were badly damaged by water. Made a claim against the German Insurance Company for \$500. Stolen from the store during the fire, \$25 worth of mdse. and \$16 cash.
25. Sold to K. Russel: 22 yds. linen at 50 cts.; 12 hdkfs., lot No. 2, at 15 cts.; suit clothes, \$20; 1 pr. gloves, \$1.05; 3 cans tomatoes at 10 cts.; 10 lbs. dried apples at 8 cts.; 2 lbs. cheese at 15 cts.; 1 lb. candy, 25 cts.; 3 doz. lemons at 30 cts. Received in payment an order on F. Glasgow for the amount of the bill. Received cash dividend on 2 shares of Cœur d'Alene mining stock, \$40. Sold 16 sewing-machines, T. Murphy's consignment, at \$35. Received in payment F. Lake's bill of exchange on B. Worthington, Sweet Springs, Colo., for \$200, at $\frac{1}{2}$ % discount; mortgage on house and lot, No. 1621 Riverside avenue, \$361. Insurance company paid damage, \$500. Paid firm's taxes on real estate, \$65.45. Gave to the church, \$10. A friend who died left by his last will \$3,690 to the firm of Student & Belden. Received check from administrator and deposited same in bank.
26. Sold bill of exchange on B. Worthington, Sweet Springs, Colo., \$200, to M. Daisy, at $\frac{1}{2}$ % premium. Received in payment: 20 bu. potatoes at 30 cts.; 5 bu. apples at 50 cts.; mortgage

on team of horses, \$40; draft on J. Smethers, 10 days after date, for \$60, and balance in cash. Sold 10 sewing-machines, Murphy's consignment, at \$35, to S. Ott, Hamilton. Received in payment: 4 books at \$4; an order on J. Fankouser for \$34; 3 shares of S. F. R. R. stock at \$100. Made out account sales and sent same to T. Murphy for consignment, remitting net proceeds, deducting commission, cash, \$1,000; our note for three months for balance.

27. Received account sales from D. Dennis of shipment No. 2, receiving net proceeds — cash, \$25.20; balance, \$20, on his account. Sold A. Harvey: 100 lbs. sugar at 5 cts.; 100 lbs. rice at 5 cts.; 50 lbs. coffee at 25 cts.; set of dishes, 101 pieces, \$20; 2 dozen bananas at 40 cts. Received cash, \$7; balance on account. Discount S. Harvest's note of 16th at the bank, at 6%, receiving cash for the proceeds. Bought stamps and paper, \$2.35. Sold one share railroad stock, \$200, to W. Day, receiving in payment a deed for two acres of land just outside the corporation, \$150; cash, \$25; balance on account. Sold two shares Cœur d'Alene stock, \$300; receiving cash payment. F. Glasgow paid order on him, \$36.40. J. Fankouser paid \$20 of order on him. Clerk hire paid, \$100. Close books, taking an inventory, which is as follows:

Real estate.....	\$3,120 00	Mdse	\$3,678 91
Horses and wagon.....	130 00	Office fixtures.....	193 50
Books	16 00	S. F. R. R. stock.....	150 00

MEMORANDA.—SET I⁴.

February.

1. Adelaide Staatz began a business, and invested cash, \$9,000.
2. Sent cash to Spencer & Co., Wichita, to be invested in real estate, \$400.
3. Bought 200 bbls. apples in the Emporia market of Cooper & Co. Paid cash, \$200; gave note at 30 days, \$400.
4. Shipped 100 bbls. apples to Nash & Co., Topeka, to be sold on our account and risk. Paid drayage in cash, \$5.
5. Received of Whealy & Co., Jacksonville, Fla., 200 boxes oranges, to be sold on their account and risk. Paid freight in cash, \$40.
6. Shipped 150 boxes from Whealey's Con. to Goodman & Co., Wichita, to be sold on our account and risk. Paid drayage by a barrel of apples, \$2.
8. Spencer & Co. sent us a deed for lot 105, Topeka ave., Wichita. A thief stole 2 bbls. of apples and 3 boxes of oranges.
10. Sold all oranges and apples on hand to Whittington & Co., for cash, at \$10 per bbl. and \$8 per box.
11. Received note at 30 days from Goodman & Co., for \$200, as net proceeds of shipment of the 6th, and discounted same at bank at 6% for 33 days.
15. Discounted our note of 3d, at 6% for 20 days.
16. Sent bank draft to Whealy & Co., for their proceeds on Con. of the 5th inst. Our commission, $12\frac{1}{2}\%$ of sales.
17. Sold our lot in Wichita to the city for \$5,000, cash.
Find inventories and present worth of Adelaide Staatz.

SET J¹.

SINGLE ENTRY.

OBJECTS.—(1) To show how incomplete a method of bookkeeping will answer the demands of certain classes of business men. (2) To compare the two systems. (3) To show how a set of books kept by Single Entry may be changed to Double Entry. (4) To illustrate the workings of a Book and Stationery business.

INSTRUCTIONS.—This method of keeping books is the most common; is also the shorter. However, it is not the better method, and to its use may be attributed many of the business failures which statistics tell us are made once by 90 per cent. of all who engage in business. It is simply Doubly Entry cut in two; *i. e.*, no accounts are kept with property or causes of allowance. There is also a slight change in the forms of some of the books. The Ledger is the same as in Double Entry but contains accounts with persons only. In this set we will keep a Day Book, Cash Book, Blotter, and Ledger, as principal books. The Day Book is what might be called an Explanatory Journal, in which are entered all transactions that cannot be disposed of in the other books of original entry. The Blotter corresponds to the Sales Book, and in it are entered all sales. The Cash Book takes but one page at a time. The left column is for Cash Receipts and the right for Cash Payments. Observe closely the model forms given. A Bill Book, Invoice Book, Check Book and Bank Book may also be kept as auxiliary books in Single Entry, but may be dispensed with in this set. As there is no attempt to have equal debits and credits, a trial balance cannot be taken. The various losses and gains cannot be determined, because no accounts are kept with the loss and gain accounts. The present worth of the proprietor can be found by finding the difference between the resources and liabilities. By comparing the past worth with the present worth, the net gain or net loss can be found. The Ledger shows the proprietor's worth and the resources due from persons on account and the liabilities due to persons on account only. Other resources or liabilities can only be found from the Cash Book, Bill Book, and by taking inventories of all the various properties owned.

To find the proprietor's new worth in Single Entry, find the difference between his resources and liabilities. The net loss or net gain is then found by taking the difference between the new and old worths. This is then carried to the debit or credit side of the proprietor's account.

NOTE.—Set J¹ is journalized according to the principles for Double Entry on pages 128-130. The student should compare the work of the two systems. It is advisable to work the set by both systems.

STEPS TO BE TAKEN IN WRITING SET J¹.

1. WRITE BOOKS OF ORIGINAL ENTRY—(a) Journal-Day Book; (b) Blotter; (c) Day Book; (d) Cash Book.
 2. RULE AND BALANCE CASH BOOK.
 3. POST. Debits and credits relating to persons only are posted.
 4. MAKE A LIST OF RESOURCES AND LIABILITIES.
 5. FIND PRESENT WORTH.
 6. FIND NET LOSS OR NET GAIN.
 7. CARRY NET LOSS OR NET GAIN TO THE PROPRIETOR'S ACCOUNT.
-

TO CHANGE FROM SINGLE TO DOUBLE ENTRY.

To change a set of books kept by Single Entry to Double Entry, it is only necessary to open accounts with all resources and liabilities in the Ledger, and carry the net gain or net loss to the proprietor's account, when the Ledger will be found to be in balance. If a Cash account is not kept, the Ledger will be out of balance the amount of cash on hand. The proprietor's net gain or net loss is usually entered in the Journal before being carried to the Ledger. A safe plan is to enter all the resources and liabilities in the Journal, together with their difference, which is the proprietor's present worth, and post all amounts that are not already in the Ledger.

The inventories are found in Single Entry as in Double Entry, by making lists of all properties and estimating values.

TO CHANGE FROM DOUBLE TO SINGLE ENTRY.

Rule up all accounts except the Personal, and make such records as will enable you to post debits and credits relating to persons only.

SINGLE-ENTRY CASH BOOK.

December 1, 189....

Cash Dr.

Cash Cr.

<i>L. P.</i>							
106	Student, invested,	Cr.	2,000				
	Bought office furniture,					250	
	In part payment of bill City Book Store,					289	40
	Cash sales as per blotter,		20				
	Cash sales as per blotter, -2-		75				
	Advertising and letter-heads, -4-					12	
	Cash sales as per blotter,		76	48			

SINGLE-ENTRY BLOTTER.

December 1, 189....

<i>L. P.</i>							
	Cash sales,					20	
116	D. L. Lucas, Marysville,	Dr.					
	1 doz. Gray's Botany,	1.50	18				
	10 Harkness's Latin Grammar,	1.00	10				
	3 doz. Reed & Kellogg's English Grammar,	.95	34	20		62	20
	Cash sales, -2-					75	
242	L. G. Taylor, Des Moines,						
	Stationery, -4-					160	25
	Cash sales, -4-					76	48

SINGLE-ENTRY JOURNAL OR DAY BOOK.

December 1, 189....

			<i>L. P.</i>				
	Student,	Cr.	106				
	Investment,					2,300	
	S. C. Williams,	Cr.	64				
	Owe him on account,					450	
4	Ginn & Co.,	Cr.	100				
	Bought bill of goods on account,					789	60
5	American Book Company,	Cr.	97				
	Balance bill this date,					377	
	L. G. Taylor,	Cr.	242				
	Accepted draft,					160	25
9	A. C. McClurg & Co.,	Cr.	76				
	Balance bill this date,					100	
	American Book Company,	Cr.				129	
	Bill this date,						
	D. L. Lucas,	Cr.	116				
	Draft favor American Book Company,					37	20
	American Book Company,	Dr.	92				
	Payment on account—draft on Lucas,			37	20		

DOUBLE-ENTRY JOURNAL.—SET J¹.

Dec.	1	Cash,	2,000				
		Real estate,	2,500				
		Bills receivable,	250				
		S. C. Williams,				450	
		Student,				4,300	
	1	Expense,	250				
		Cash,				250	
	1	Merchandise,	1,789	40			
		Bills Payable,				1,500	
		Cash,				289	40
	1	Cash,	20				
		Merchandise,				20	
	2	D. L. Lucas,	62	20			
		Merchandise,				62	20
	2	Cash,	75				
		Merchandise,				75	
	4	Merchandise,	789	60			
		Ginn & Co.,				789	60
	4	Expense,	12				
		Cash,				12	
	4	Cash,	76	48			
		Merchandise,				76	48
	4	L. G. Taylor,	160	25			
		Merchandise,				160	25
	5	Merchandise,	697				
		Bills Payable,				320	
		American Book Company,				377	
	5	Bills Receivable,	160	25			
		L. G. Taylor,				160	25
	5	Bills Receivable,	123	60			
		Merchandise,				123	60
	5	Cash,	150				
		Merchandise,				150	
	6	Cash,	122	94			
		Discount,		66			
		Bills Receivable,				123	60
	6	Bills Receivable,	54				
		Merchandise,				54	
	6	Cash,	165				
		Merchandise,				165	
	8	Cash,	25				
		D. L. Lucas,				25	

Dec.	8	Ginn & Co.,	175			
		Cash,			175	
	8	Cash,	123	60		
		Merchandise,			123	60
	9	Merchandise,	265	63		
		Cash,			165	63
		A. C. McClurg & Co.,			100	
	9	Merchandise,	129			
		D. L. Lucas,			37	20
		American Book Company,			91	80
	9	Cash,	125	75		
		Merchandise,			125	75
	10	Expense,	56	50		
		Cash,			56	50
	10	W. W. Gillette & Co.,	102			
		Merchandise,			102	
	10	Cash,	79			
		Merchandise,			79	
	11	Cash,	12	50		
		Expense,			12	50
	11	Merchandise,	325			
		Bills Payable,			325	
	11	Cash,	70	80		
		Merchandise,			70	80
	14	Merchandise,	78			
		Ginn & Co.,			78	
	14	Eli Payne,	48			
		Merchandise,			48	
	14	Cash,	100			
		Merchandise,			100	
	14	Expense,	20			
		Cash,			20	
	16	Merchandise,	137			
		G. & C. Merriam & Co.,			137	
	16	Cash,	251	38		
		Bills Receivable,			250	
		Interest,			1	38
	16	Bills Receivable,	24			
		Eli Payne,			24	
	16	Expense,	5			
		Cash,			5	
	19	D. L. Lucas,	100			
		Merchandise,			100	
	19	Student,	100			
		Cash,			100	

Dec.	19	Bills Receivable,		102					
		W. W. Gillette & Co.,						102	
	19	Cash,		89					
		Merchandise,						89	
	20	B. F. Sinclair,		50	40				
		Merchandise,						50	40
	20	S. C. Williams,		450					
		Cash,						450	
	20	Expense,		275					
		Cash,						275	
	23	J. R. Moore,		66	20				
		Merchandise,						66	20
	23	Expense,		8	10				
		Merchandise,						8	10
	23	Bills Receivable,		50	40				
		B. F. Sinclair,						50	40
	23	Cash,		210					
		Merchandise,						210	
	26	American Book Company,		468	80				
		J. R. Moore,						66	20
		Cash,						402	60
	26	Ginn & Co.,		23	91				
		Discount,			09				
		Bills Receivable,						24	
	26	Cash,		198	73				
		Merchandise,						198	73
	29	Bills Payable,		325					
		Cash,						324	19
		Discount,						81	
	29	Cash,		53	91				
		Discount,			09				
		Bills Receivable,						54	
	29	Cash,		112	13				
		Merchandise,						112	13
	31	Expense,		40					
		Cash,						40	
	31	Cash,		78	50				
		Merchandise,						78	50
				14035	75			14035	75

MEMORANDA.—SET J¹.—SINGLE ENTRY.

December.

1. Student began a book and stationery business, and invested: Cash on deposit at State Bank, \$2,000; store and lot on Main street, valued at \$2,500; note on F. E. Lindley, at 30 days from November 13 last, for \$250, with interest. He owed S. C. Williams, on account, \$450. Withdrew from bank by check, \$100. Bought office furniture valued at \$250, and paid for same by giving check on State Bank. Bought from City Book Store Company, Lawrence, their stock of books and stationery, valued at \$1,789.40. Gave them three notes, at 60, 90, 120 days respectively, for \$500 each; gave check for balance. Sold, for cash, bill of goods amounting to \$20.
2. Sold D. L. Lucas, Marysville, on account: 1 doz. Gray's Botany, at \$1.50; 10 Harkness's Latin Grammar, at \$1; 3 doz. Reed & Kellogg's English Grammar, at 95 cts. Cash sales for to-day, \$75.
4. Bought from Ginn & Co., Boston, on account: Bill of books amounting to \$789.60. Sold L. G. Taylor, Des Moines, stationery valued at \$160.25, for which you draw on him at 90 days' sight. Paid Rowland Printing Company, cash, \$12, for advertising and letter-heads. Cash sales, \$76.48.
5. Bought of American Book Company, Chicago, invoice of books and stationery, \$697, for which you accept their draft at 30 days from date for \$320; balance on account. L. G. Taylor returned draft of the 4th accepted; date of acceptance, May 4. Sold H. L. Leonard, Topeka: 44 doz. Bailey's Mental Arithmetic, at 20 cts.; 2 doz. Steele's Popular Physics, at 75 cts. Received in payment T. F. Morrison's acceptance of their draft at 30 days' sight, favor ourselves. Cash sales, \$150.
6. Discounted T. F. Morrison's acceptance at bank and left proceeds to your credit. Sold J. I. Wolf, Sedalia: 3 doz. Frye's Complete Geography, at 90 cts.; 2 doz. Frye's Introductory Geography, at 60 cts.; 18 Barnes's U. S. History, at 40 cts. Received in payment his note at 30 days for same. Cash sales, \$165.
8. Received cash from D. L. Lucas on account, \$25. Gave Ginn & Co. a check for \$175, to apply on account. Sold L. G. Taylor: 1 doz. White's Money and Banking, at \$1.20; 3 doz. Barnes's Primary U. S. History, at 30 cts.; 2 doz. Barnes's U. S. History, at 80 cts.; 1 doz. Barnes's General History, at \$1.60; stationery, valued at \$15. Received in payment his check on Walnut Bank. Cash sales, exclusive of above, \$45.
9. Bought from A. C. McClurg & Co., Boston: Invoice of sundries, amounting to \$265.63; gave in payment a draft on First National Bank of Chicago, bought at State Bank by check, for \$165.63; balance on account. Bought from American Book Company a bill of goods amounting to \$129. Drew a draft on D. L. Lucas for the balance of his account, and remitted to American Book Company, to apply on account. Cash sales \$125.75.
10. Bought for office use, stove valued at \$25; 7 tons Osage City coal, at \$4.50; paid for same by cash. Sold W. W. Gillette & Co., on account: 3 doz. Harkness's Cæsar, at \$1.50; 3 doz. Lockwood's Lessons, at 60 cts.; 2 doz. Genung's Rhetoric, at \$1.10. Cash sales, \$79.
11. Sold office chair to J. W. Williams, for \$12.50, and received payment in cash. Bought from D. Appleton & Co., New York, bill of miscellaneous books amounting to \$325; accepted their draft at 30 days' sight, favor of W. J. Vincent, in payment. Cash sales, \$70.80.
14. Bought of Ginn & Co., on account, bill of books amounting to \$78. Sold Eli Payne: 6 doz. Bailey's Mental Arithmetic, at 20 cts.; 3 bound volumes magazines, at \$4; 2 doz. Frye's Complete Geography, at 90 cts. Drew draft on him at 30 days' sight for one-half the amount; balance on account. Cash sales, \$100. Paid for repairs on building, \$20.

16. Bought of G. & C. Merriam & Co., Springfield, Mass., on account, bill of books and stationery amounting to \$137. Received from F. E. Lindley, check on Marine Bank, for his note of November 13 and interest on same. Eli Payne returned draft of 14th, accepted; date of acceptance, May 15. Paid cash for necessary expense for store, \$5. Drew draft on W. W. Gillette & Co. to balance account.
19. Sold D. L. Lucas, on account: 3 International Dictionaries, \$15; stationery valued at \$25; 6 complete sets Butler's Readers, at \$5. Student took \$100 cash from the drawer for private use. W. W. Gillette & Co. returned draft of the 16th, accepted. Cash sales, \$89.
20. Sold B. F. Sinclair, Sabetha: 1 doz. Harkness's Cæsar, at \$1.50; 2 doz. Collar & Daniells's Beginning Latin, at 60 cts.; 18 Harkness's Latin Grammar, at \$1—for which drew a draft at 90 days' sight. Paid S. C. Williams in full of account by check on State Bank. Necessary expenses paid in cash, \$275.
23. Sold J. R. Moore, Seattle, on account: 1 doz. Gray's Botany, at \$1.50; 2 doz. Reed & Kellogg's Grammar, at 95 cts.; 1 doz. Lockwood's Lessons in English, at 60 cts.; 1 doz. Genung's Outlines in Rhetoric, at \$1.10; stationery, \$5. Used for store, books and stationery valued at \$8.10. B. F. Sinclair returned draft of 20th, accepted. Cash sales, \$210.
26. Drew a sight-draft on J. R. Moore, for balance of his account, favor American Book Company, and remitted it to the latter with check to balance account. Remitted Eli Payne's acceptance of 15th to Ginn & Co. on account, less discount. Cash sales, \$198.73.
29. Paid acceptance of the 11th, favor W. J. Vincent, less discount, by check. Received cash for J. I. Wolf's note of 6th, less discount. Cash sales, \$112.13.
31. Paid J. C. Ayres, check, salary for month, \$40. Cash sales, \$78.50.

INVENTORY: Real estate, \$2,525; fixtures, \$150; mdse., \$2,120.

QUESTIONS ON SINGLE ENTRY.

1. What is Single-Entry Bookkeeping ?
2. In what ways does it differ from Double Entry?
3. What accounts are kept in the Single-Entry Ledger ?
4. Why is Single Entry used as much as it is ?
5. What books are kept in Single-Entry Bookkeeping ?
6. In strict Single Entry, can Merchandise, Expense, and other loss and gain accounts be kept ?
7. How is the Journal entry made in Single Entry?
8. How is the Posting done in Single Entry.
9. Does the Single-Entry Ledger balance ?
10. Can you give any reason why Single Entry should be so called ?
11. Is there any difference in the ruling of a Single- and Double-Entry Ledger ?
12. What entry would you make in Single Entry if you bought Merchandise for \$175 and paid cash ?
13. Can you tell by Single Entry how much you have gained on Merchandise ?
14. Give all the facts concerning a business that you think you could determine from a set of Single-Entry Books.
15. Why is a Day Book of more use in Single than in Double Entry?
16. How would you close a Single-Entry Ledger ?
17. How can you find the Present Worth in Single Entry?
18. How can you find the Net Gain or Net Loss ?
19. What part of your resources is shown by a Single-Entry Ledger ?
20. In what way must the others be found ?
21. What part of your Liabilities is shown by a Single-Entry Ledger ?
22. How can you find Liabilities not shown by the Ledger ?
23. How does a Single-Entry Cash Book differ from a Double Entry?
24. How may Single-Entry Books be changed to Double Entry?
25. How may Double-Entry Books be changed to Single Entry?
26. What advantages has Single Entry?
27. What disadvantages has Single Entry?
28. To which side of the Proprietor's account is the net loss carried in Single Entry ? The net gain ?

SET J².

SINGLE ENTRY.—MEMORANDA.

January.

1. Began a poultry business with \$800 cash. Had poultry on hand worth \$200. Had on hand 30 bu. of feed, worth \$10, and coops, worth \$25.
2. Bought of J. L. Pickens, for cash: 2 doz. Bantams at \$3.50; 5 doz. Plymouth Rocks at \$4; 1 doz. Guineas, at \$3. Paid for fencing yards, \$25 in cash.
3. Bought of R. Baker: 3 doz. Buff Cochins at \$4; 3 doz. turkeys at \$6; 1 doz. ducks at \$5. Gave in payment note for \$10, at 10 days; balance on account. Sold W. H. Simpson: 2 doz' turkey eggs at 50 cts.; 3 doz. Plymouth Rock eggs at \$1; 2 doz. Buff Cochin eggs at 75 cts. Received in payment: 1 doz. Leghorns at \$3.50; balance in cash.
4. Killed 4 chickens for family use, worth 25 cts. each. Bought of E. Costlett & Co., on our note at 15 days, an incubator, for \$80. Paid James Goodman for buildings which were completed to-day, \$200 in cash.
5. Sold 6 doz. dressed chickens at \$6, receiving cash. On account of an accident, four of the Plymouth Rocks were killed.
6. Bought of Charles Thomas: 3 doz. Shanghais at \$5; 2 doz. Black Spanish at \$3.50; 1 doz. Pekin ducks at \$6. Gave in payment our note at 30 days for \$20; balance in cash.
9. Paid \$5 cash for lumber to repair poultry house. Used 3 doz. eggs, at 25 cts., for family use. Paid cash for chicken feed, \$5.
10. R. Baker's draft on us at 10 days' sight for balance of his account, accepted. Sold A. W. Gleason on account: 1 doz. Buff Cochins at \$5; 2 doz. Plymouth Rocks at \$5; 2 doz. Shanghai eggs at \$1.
11. Sold R. Baker: 1 doz. Black Spanish at \$4.50; 1 doz. Guineas at \$3; 1 doz. Bantams at \$3; $\frac{1}{2}$ doz. Pekin ducks at \$7.50; 2 doz. turkeys at \$7.25. Received in payment A. W. Gleason's note at 20 days, dated January 1, for \$10, and drawing interest at 10%; cash, \$5; balance on account.
12. Our draft at 20 days' sight on A. W. Gleason to balance his account, accepted. Bought of J. L. Pickens: 2 doz. bronze turkeys at \$7.50; 3 doz. Houdans at \$3; 4 doz. Plymouth Rocks at \$4. Gave in payment sight-draft of A. W. Gleason, \$17, received to-day; our note at 30 days for \$10; balance cash.
16. Paid our note of the 3d, now due, in cash. Sold 20 doz. eggs at 20 cts., for cash.
17. Hired F. T. Wilson to repair poultry house and fences. His charges were \$5. Gave in payment $\frac{1}{2}$ doz. Pekin ducks at \$7.50; 5 doz. eggs at 25 cts.
18. Discounted all notes outstanding. Paid proceeds in cash.
19. Thieves stole, last night, $\frac{1}{2}$ doz. Leghorns and 14 bronze turkeys. Sold R. Baker, on account: $\frac{1}{2}$ doz. bronze turkeys at \$9; 2 doz. Houdans at \$4.

February.

5. Paid for drayage \$10, in cash. Sold for cash 2 doz. dressed ducks at \$6.50; 1 doz. dressed turkeys at \$8.50.
6. Eight turkeys died. Sold all turkeys on hand for \$10.

INVENTORY.—Poultry, . . .	\$250	Feed,	\$5
Poultry houses, . . .	200	Incubator,	70
Coops and fences, . . .	35		

GENERAL REVIEW.

SET K.

(Enter in Day Book, Journal, and Ledger.)

January, 189.....

1. Ira D. Graham began business this day, and invested cash, \$4,000. Bought Day Book, Journal and Ledger for use of business, paying cash, \$15.
2. Bought mdse. of Chas. S. Davis, invoiced at \$2,000. Terms, 30 days. Sold mdse. to Thomas E. Will on account, \$900. Employed Student as bookkeeper at \$30 per month. Cash sales, \$100.
3. Sold mdse. to Edward W. Bemis for \$500. Received from him in settlement his note at 60 days, with interest at 10%.
4. Bought of L. L. L. Hanks, terms, note at 4 months, mdse. invoiced at \$4,000. Gave note for amount of bill, with interest at 10%. Cash sales, \$125.
5. Bought of Smith Bros., stock-brokers, 10 shares Mo. Pac. R. R. stock, at \$38. Paid cash brokerage $\frac{1}{8}\%$ on par value of \$100 per share.
6. Received from Thos. E. Will, \$500 in cash, and his note at 30 days for balance, on bill of the 2d. Sold W. A. Cain, for cash, 4 shares Mo. Pac. R. R. stock at \$49. A. E. Lockhart is employed as clerk, at \$40 per month.
7. Bought mdse. of Strauss & Co., invoiced at \$125, giving them in payment two shares Mo. Pac. R. R. stock.
9. Paid postage, \$6; gas bill, \$15; stationery, \$5. Sold mdse. to O. E. Olin, invoiced at \$400. Terms, 10/10, 5/20, 2/30, n/60.
10. Sold mdse. to A. S. Olin, invoiced at \$3,000. Received his note at 10 days for \$500, and balance in cash.
11. Sold mdse. to A. S. Packard, invoiced at \$600, on account. Sold O. M. Powers, on his acceptance at 10 days, mdse. invoiced at \$700.
12. The firm assumes a debt of \$50, due to C. A. Boyles by Student, the bookkeeper, and it is agreed that \$10 a month will be deducted from his salary until claim is paid.
13. Received a bank draft from O. E. Olin in payment of bill of the 9th. Cash sales, \$200.
14. A. E. Lockhart falls heir to \$5,000, and is admitted as an equal partner, to share equally in the entire assets of the business, on payment of \$4,500, cash.
16. Received of A. S. Packard, to balance his account, a draft at 10 days' sight on Wm. Clarke, which has been accepted.
17. Bought a Cash Book for \$2. Bookkeeper instructed to keep Cash Book, Itemized Journal, and Ledger, henceforth. Cash sales, \$75.
18. Shipped to Hardcastle & Kenyon, Parsons, to be sold on our account and risk, mdse. invoiced at \$1,000. Paid freight, etc., on same, \$30.
19. Discounted note received of Thos. E. Will on the 6th, at the bank, receiving credit for the proceeds.

20. Received from S. D. Hoaglin, Holton, to be sold on joint account and risk, we taking one-quarter risk, mdse. invoiced at \$3,000. Paid shipping expenses, freight, drayage, etc., \$90.
21. Sold the goods belonging to Hoaglin's Con. for \$5,000, cash. Retained our one-fourth net profit and sent a bank draft for proceeds.
23. Received cash of A. S. Olin, for his note of the 10th inst. Deposited \$500 in bank.
24. Received cash for Powers's acceptance of the 11th, due to-day.
25. Each of the proprietors withdrew \$100 for private use. Loaned M. E. Beach \$400, by check.
26. Exchanged notes with M. A. Whitney for accommodation. Both notes at 90 days and for \$800, with interest at 10%.
27. Discounted at the bank the note received from Edward W. Bemis on the 3d inst., and received credit for the proceeds.
28. Discounted at the bank our note to L. L. L. Hanks of the 4th inst., paying the proceeds in cash.
30. Received cash of Wm. Clarke for his acceptance due to-day.
31. Paid Student's salary, and a bonus of \$25 for superior services. Received of Hardcastle & Kenyon, Parsons, an account sales of the merchandise shipped them on the 18th, which showed our net proceeds to be \$1,400, for which they sent us a draft at 60 days on Peter Parley, which Parley accepted. Discounted Parley's acceptance at the bank, receiving credit for the proceeds.

INVENTORY.—Four shares Mo. Pac. R. R. stock, at \$60. Merchandise inventory, \$500.

Post, close Ledger, and find worths of the proprietors, which must be equal, by the terms of the partnership agreement.

SET L.

February.

1. Continued the preceding business, using Sales Book, Invoice Book, Cash Book, Journal, and Ledger. On account of superior business ability, Student was admitted as a partner, with a one-eighth interest in the gains; the remaining seven-eighths was equally divided between the other two. Employed several clerks, and an assistant bookkeeper, at \$30 per month. Bought a bill of merchandise, \$500, of Martin & Martin, on account, subject to draft.
2. Accepted a draft drawn on us by Martin & Martin, at 30 days' sight, in favor of Calvin Hood, for \$500. Received a draft for \$400 from M. E. Beach on account, drawn on John Stewart, at 10 days' sight.
3. Bought mdse. on account, of H. M. Cottrell, \$600; Albert S. Hitchcock, \$900; Julius T. Willard, \$1,000; Geo. F. Weida, \$500. Cash sales, \$300.
4. Stewart accepted draft received on the 2d. Accepted at 30 days' sight a draft for \$500, drawn by Geo. F. Weida, in favor of Ralph Harrison.
6. Sold mdse. on account, to S. H. Dodge, \$100; J. S. Winans, \$200; J. S. McGrath, \$150; J. H. Ritchie, \$300. Deposited in bank, \$600.
7. Drew a draft at 10 days from date on S. H. Dodge, for \$100, and sent same, less 13 days' discount, to Julius T. Willard, to apply on account.
8. Drew a draft at sight on J. S. Winans for \$200, favor of Julius T. Willard, and sent same, and a check for \$400, to apply on account. Cash sales, \$400.
9. Drew a draft on J. S. McGrath at 10 days' sight, favor of H. M. Cottrell, for \$250, and sent to Cottrell to apply on account.
10. Sold mdse. to W. A. Van Voris, invoiced at \$1,000. Terms, 10/20, 5/30. Cash sales, \$600. Cash purchases, auction stock mdse., \$800.

11. J. S. McGrath refused to pay draft drawn on him by us on the 9th, favor of H. M. Cottrell. Paid protest fees, \$1.25.
13. Cash sales, \$600. Sold John D. Walters mdse. invoiced at \$900. He gave us an order on Albert S. Hichcock for \$900, and we gave it to Hichcock to apply on account. Purchased mdse. for cash, \$700. Sold mdse. to J. M. Winslow, on account, \$500.
15. Discounted for J. H. Ritchie, J. D. Barnett's note in his favor, dated January 15, at six months, for \$700. Gave him the proceeds in mdse., less amount due us on account.
16. Cash sales, \$500. Paid clerks' salaries by checks, \$125.
17. Letter from J. S. McGrath explained cause of refusal to accept draft. He inclosed a certified check in our favor for the amount due us.
20. Paid bill of H. M. Cottrell, of the 3d inst., less 2 per cent. Paid by check. Paid for new sign for store, \$10.
21. Sold Edward Elias mdse. invoiced at \$300, and drew on him at 30 days from date.
22. Discounted our acceptance of the 2d inst. favor of Calvin Hood. Paid bookkeeper's salary one month.
23. Received cash of W. A. Van Voris, for bill of the 10th inst. J. M. Winslow failed, and we accepted 40 cts. on the dollar to settle his account.
24. Loaned L. H. Armstrong \$1,000, on demand, at 8 per cent., to secure which he deposited with us, as collateral security, 28 shares A. T. & S. F. R. R. stock.
25. Discounted, at 5 per cent., M. A. Whitney's note of January 26, at the bank, receiving one-half in cash, and credit for one-half.
27. Paid petty expenses, \$17. Sold Grant Van Hoose mdse. billed at \$900. Terms, 2/30, n/60.
28. Received from Edward Elias his acceptance of our draft of the 21st inst., at 30 days from date. Discounted the draft at bank, and received credit for the proceeds
Mdse. inventory, \$1,800.
Find worths of proprietors.

SET M.

(Continue the preceding set.)

March.

1. Student and Graham went to New York city. Took cash, \$1,000.
2. Cash sales, \$400. Sold Ulrick Jarrett mdse. billed at \$150. Terms, 30 days.
3. Received of Grant Van Hoose bank draft for \$600, and check for balance, on bill of 27th ult. Cash sales, \$400. Deposited, \$1,000.
4. Paid for advertising, \$15. Paid by check a draft drawn by Student, New York city, favor of a New York bank, and presented by home bank, \$600.
6. A. E. Lockhart withdrew, for private expenses, \$25. Received from New York bill of goods sent by freight on the 4th inst. Total, \$2,000.
7. Received of L. H. Armstrong the amount loaned him on the 24th ult., and interest to date, and we returned the collateral deposited with us as security.
8. Ulrick Jarrett notified us of the formation of a partnership with W. J. McCarty, and that the firm will be responsible for the amount due us from him on account.
9. Paid our acceptance of Feb. 4, favor of Geo. F. Weida. Paid freight in cash, \$65. Cash sales, \$300.
10. Drew a draft at 30 days' sight on Jarrett & McCarty for the goods sold Jarrett on the 2d inst.
11. Shipped to Stuckey, Clarke, Whitbeck & Co., Olpe, to be sold on our account and risk, mdse. invoiced at \$800.

13. Received from Kretsinger, Leatherwood & Co., Fort Scott, to be sold on joint account and risk, we taking one-half risk, mdse. invoiced at \$900.
14. Sold to A. S. Newman & Co., from Kretsinger, Leatherwood & Co.'s consignment, mdse., for \$700, cash.
15. Sold remainder of goods from Kretsinger, Leatherwood & Co.'s consignment to A. J. Wall, at 10 days, for \$600. Cash sales, \$500. Paid for stamps, \$4; office fixtures, \$24.
17. Received from Stuckey, Clarke, Whitbeck & Co. an account sales, showing our proceeds to be \$1,500, subject to draft in 10 days.
18. Rendered Kretsinger, Leatherwood & Co. an account sales. Sent them a check for their share of the profits.
20. Sold mdse. invoiced at \$2,000, taking in payment a first mortgage on house and lot, Commercial street, No. 212.
21. Bought of Z. Abbott, a bill of goods for \$2,000; terms, 10/10, 2/20, n/60.
22. Sold mdse. on account: To Frank Agrelus, \$800; H. M. Means, \$700; G. N. Witt, \$400. Cash sales, \$400.
23. Drew drafts at 30 days' sight on Frank Agrelus and H. M. Means for the balances due on their accounts, and sent same to Z. Abbott to apply on account, less 33 days' discount.
25. Received check from G. N. Witt to balance his account. Sent Z. Abbott check for balance due on account.
27. Drew a sight-draft on Stuckey, Clarke, Whitbeck & Co., for the amount due us, as per account sales received on the 17th inst., and cashed same at the bank.
28. Received cash of A. J. Wall in full of account. Cash sales, \$700. Paid clerks and book-keeper by checks, \$300.
29. By the payment of \$500 cash, we received a deed for the house and lot, No. 212 Commercial street, on which we held a mortgage for \$2,000.
31. Took inventories : Merchandise, \$5,000 ; real estate, \$3,000.
Find worths of proprietors

EXAMINATION TESTS.

A.

1. Define Inventories, and explain how they are usually taken.
2. Explain the circumstances under which the Inventory must be estimated at (a) a present selling price; (b) a present buying or cost price; (c) a past cost price; (d) a future estimate of value.
3. Which side of John Smith's account is the larger when it shows (a) a resource? (b) a loss? (c) Explain both conditions.
4. The Resource and Liability statement of a firm shows the following: Bills Rec. Dr., \$3,428; Cash Dr., \$7,166.76; Bills Pay. Cr., \$7,000.65; Mdse. Dr., \$6,707.18; Arnold & Co. Cr., \$1,460; M. Walters Dr., \$1,967; Expense Dr., \$75; J. Locke Dr., \$300; Feldman & Co. Cr., \$3,245; J. Gross Dr., \$384; Gray & Jenkins Dr., \$8; Cook & Co. Cr., \$1,260; Baker & Co. Dr., \$1,313; Yourself (Proprietor) Cr., \$5,588.86; H. C. Walker (Proprietor) Cr., \$2,794.43. It is agreed to dissolve partnership. Yourself to take H. C. Walker's note for \$2,000 and the remainder of your worth in cash. (a) Make H. C. Walker's Journal entry if he retains the books of the old firm. (b) Make your Journal entry if you retain the books of the old firm. (c) Arrange the foregoing in the form of a Statement of Resources and Liabilities.

B.

1. Define (a) Bills Payable; (b) Interest; (c) Discount; (d) Days of Grace.
2. Text-books frequently define interest as "Money paid for the use of money." Show that the definition is untrue.
3. Name six different forms of cash.
4. Mention the circumstances under which a Ledger may balance and yet be wrong.
5. Enter the following in Journal-Day Book, post items necessary to find worth of proprietors, and make Statement of Resources and Liabilities:
Sept. 1, 1896. Smith and Brown form a partnership. By agreement, Smith is to furnish the experience and Brown the capital, and they are to share equally in the losses and gains. Brown invested building and fixtures worth \$2,000; mdse., \$1,000; Owens owes on account, \$800; Bills Receivable, note of Peters given August 1, at 30 days, for \$700; petty amounts due from various persons, \$400. Brown owes Pall & Co. on account, \$800, and has outstanding a note for \$500.
Sept. 2. Received from Owens, in full of account, a draft at 10 days' sight on Cooper & Co. for \$800. Draft accepted by Cooper & Co.
Sept. 3. Collected on petty accounts, \$250.
Sept. 4. Sent Cooper & Co.'s acceptance to Pall & Co., in full of account.
Sept. 5. Smith withdrew for private use, \$100.
Sept. 6. Received from Bailey & Co., to be sold on their account and risk, two car-loads of potatoes. Paid freight by giving R. R. agent 100 bushels potatoes, at 75 cents.
Sept. 8. Sold potatoes from Bailey & Co.'s consignment for cash, \$200.
Sept. 9. Redeemed our note of \$500, by giving mdse. invoiced at \$400, and potatoes from Bailey & Co.'s consignment invoiced at \$100.
Sept. 10. Gave Peters's note in exchange for mdse. invoiced at \$900.
Sept. 11. Sold mdse. for \$1,000 cash, and potatoes from Bailey & Co.'s consignment for a demand note for \$300.
Sept. 12. Made an account sales to Bailey & Co., sending their proceeds in cash. Our commission, 10% on sales.
Sept. 13. Sold uncollected petty accounts to A. Collector, for \$5 cash.
Sept. 15. Inventory.—Mdse., \$200; building and fixtures, \$3,000.

C.

1. Define (a) Bookkeeping; (b) Accounts; (c) Resource; (d) Liability; (e) Loss; (f) Gain.
2. Which side of John Smith's account is the larger when it shows a liability? Which side is the larger when it shows a gain? Explain both conditions.
3. Which side of Bills Payable account must be the greater if there is any difference? Explain why.

4. Enter the following in Journal, and post only those items necessary to find Present Worth of yourself:

You began business July 1, with the following resources and liabilities: Due from District No. 1, for 4 mos. teaching, 4 orders, \$40 each, \$160; cash on hand, \$35; John Doe owes you, on account, \$20. You owe W. C. Stevenson, on account, \$500.

July 2. Receive from E. R. Sheperd, \$1,000 in cash, as a margin to cover purchase of stocks which he has asked you to buy for him.

July 3. Bought for E. R. Sheperd 100 shares of A. T. & S. F. R. R. stock of P. Cooper, at $52\frac{1}{2}$, payment to be made on the 10th. Your commission, $\frac{1}{8}\%$.

July 10. Sold for cash R. R. shares bought for E. R. Sheperd, at 75. Your commission, $\frac{1}{8}\%$. Paid cash to Cooper for shares bought on the 3d. Remitted to Sheperd bank draft for amount due him.

July 11. Discounted school orders, receiving \$120 cash for the four.

July 12. Drew a draft on John Doe at 90 days' sight for \$20, and sent same to W. C. Stevenson to apply on account, less 93 days' discount.

D.

1. Define the following terms: (a) Debtor; (b) Debit; (c) Creditor; (d) Credit; (e) Posting; (f) Exchange; (g) Storage.

2. Give the eight principles which enable the bookkeeper to determine the debits and credits in any transaction, and show why they are true.

3. Which side of Bills Receivable account must be the greater, if there is any difference? Explain why.

4. Explain the use of Sales Book, Invoice Book, Cash-Journal, and Ledger.

5. Enter in Cash-Journal: Jan. 1, 1897, A. and B. began business as partners, agreeing that the interest of each shall be in proportion to the investment. A. had \$500 in cash and owed B. \$100 on acct. B. had \$600 in cash, an account against A., \$100, and a Bills Payable outstanding of \$500.

Jan. 2. Bought mdse. of A. Mann invoiced at \$200. Terms, 10/10, 5/20, n/30.

Jan. 3. Sold mdse. invoiced at \$150 to N. O. Good, for one-half cash and balance on account, subject to draft at 10 days' sight.

Jan. 4. Sold mdse. for \$400 cash.

Jan. 5. Paid bill of the 2d.

Jan. 6. Drew draft on Good for \$75 and cashed same at bank, less 13 days' discount.

Jan. 8. Paid note of B., by giving \$200 in mdse. and \$300 in cash.

Jan. 9. Mdse. inventory, \$40.

(Post items necessary to find worths of proprietors.)

E.

1 (a) What four results are shown by accounts? (b) Which of these results are shown by a Property account? (c) Which are usually shown by a Personal account? (d) Under what circumstances may a Personal account show a loss or gain? (e) What results are shown by Interest account?

2. Which side of Cash account must be the greater, if there is any difference? Explain why.

3. Write the following business papers: (a) Receipt on account. (b) Bank draft. (c) Bank check. (d) Draft at 60 days' sight, showing acceptance and two indorsements.

4. Enter in Cash-Journal the following, and post only those accounts necessary to find the proprietor's worth:

June 1, 1897. You began business with unnumbered friends, good health, and plenty of energy. Borrowed on your note, secured by indorsement of W. J. Amis, \$100.

June 2. Bought ticket to county-seat, \$1.12. Paid county superintendent institute fee, \$1. Paid for board and room, four weeks, \$25. Paid for books, \$5.

June 8. Received for six days' writing for county superintendent, \$6.

June 9. Bought a horse at a street sale for \$50.

June 10. Sold horse for \$65 cash.

June 20. Received \$150 from teachers for subscriptions to *Western School Journal*.

June 22. Remitted John MacDonald, editor, as per agreement, \$125.

June 24. Received for singing in church choir, \$8.

June 25. Loaned Mr. Short Pence \$20, on his note at 10 days, with interest at 25%.

June 26. Received for assisting Slow Polk in arithmetic, \$10 in cash.

June 27. Paid \$1 for examination.

June 29. Discounted at bank the note received of Short Pence at 6%.

(No inventory.)

ABBREVIATIONS.

a., @, At.	d. d., Days after date.	Lb., Pound.
A., Ans., Answer.	Dep., Deposited.	L. F., Ledger folio.
A 1, First-class.	Dft., Draft.	L. & G., Loss and gain.
Acct., ^a/_c, Account.	Dis., Disct., Discount.	Mar., March.
Acct. Cur., Account current.	Div., Dividend.	MS., Manuscript.
Acct. Sales, Account sales.	\$, Dollars.	Mdse., Merchandise.
Ad., Adv., Advertisement, adver- ture.	Do., do., (ditto,) The same.	Mem., Memorandum.
Agt., Agent.	Doz., Dozen.	Mfg., Manufacturing or manu- facture.
A. M., Before noon.	Dr., Debtor, doctor.	Mo., mo., Month,
Amt., Amount.	Dray., Drayage.	N. B., Take notice.
Apr., April.	Ds., Days.	No., Number.
Assd., Assorted.	E. E., Errors excepted.	Nov., November.
Aug., August.	E. & O. E., Errors and omissions excepted.	N. G., Net gain, (also, "No good.")
Av., Average.	Emb'd, Embroidered.	Oct., October.
B/S, Bill of sales.	Ent., Entered.	O. K., All correct.
Bal., Balance.	Etc., &c., And so forth.	Oz., Ounce.
B. B., Bill Book, blank book.	Et al., And others.	p., Page.
Bbl., bbl., Barrel.	Ex., Example, extra.	Payt., Payment.
Bgs., Bags.	Exch., Exchange.	Pcs., Pieces.
B/L, Bill of Lading.	Exp., Expense, export.	Pd., Paid.
B. Pay., Bills Payable.	Fav., Favor.	Per, By.
B. Rec., Bills Receivable.	Feb., February.	Per cent., %, By the hundred.
Bk., Bank, book.	F. o. b., Free on board.	Pk., Peck.
Blk., Black, blank.	Fol., Folio.	Pkg., Package.
Bls., Bales.	For'd, Forward.	Pr., Pair.
Bot., Bought.	Frt., Freight.	Prem., Premium.
Bro't, Brought.	Ft., Feet.	Prox., Proximo, next month.
Bu., Bushel.	Gal., Gallon.	Qt., Quart, quarterly.
Bx., Box.	Guar., Guarantee.	Recd., Received.
c., ct., ¢, Cents.	Gr., Grain, gross.	R. R., Railroad.
C/o, In care of.	Hdkf., Handkerchief.	S. B., Sales Book.
Cap., Capital.	Hhd., Hogshead.	Sep., September.
Cash., Cashier.	Hon., Honorable.	Shipt., Shipment.
Ck., Check.	Hund., Hundred.	St., Street.
C. B., Cash Book.	I. B., Invoice Book.	St. Dft., Sight Draft.
C! O. D., Collect on delivery.	i. e., That is.	sr., Senior.
Ch., Choice.	In., Inch.	Sunds., Sundries.
Chgd., Charged.	Ins., Insurance.	Trans., Transaction.
Co., Company, county.	Inst., Instant, in the present mo- ment.	Ult., ult., ulto., Last month.
Coll., Collector, collection, college.	I. O. U., I owe you.	Via, By way of.
Com., Commission.	Int., Interest.	Vs., Versus.
Con., Against, consignment.	Inv., Invoice.	Viz., Namely.
Cr., Credit, creditor.	Invt., Inventory.	Vol., Volume.
Ct., Count, court.	J., Journal.	Wt., Weight.
Cwt., Hundred weight.	jr., Junior.	Yds., Yards.
D. B., Day Book.	L., Ledger.	Yr., Year.
Dec., December.		

BUSINESS TERMS DEFINED.

A.

Abatement. A discount allowed for the payment of a bill before due, for damage, for overcharge, or for any similar reason.

Accept. To acknowledge by signature; to accept a draft is to acknowledge the obligation to pay it when due.

Acceptance. Agreeing to terms proposed; the acceptor's name written on the face of a bill of exchange or draft, usually with the word "Accepted"; bill of exchange or draft when accepted.

Accommodation Paper. Notes or acceptances drawn for the purpose of being discounted, and not founded on an actual sale of goods; notes or bills signed and accepted without consideration; notes drawn by merchants for like amounts and exchanged for their mutual accommodation.

Account. A statement of business transactions; a collection of debits and credits of the same kind under their common head.

Accountant. One who is skilled in, or who keeps accounts.

Account Current. A running account; a detailed statement of the transactions between two persons or firms, usually expressed in the form of debtor and creditor.

Account Sales. An itemized statement of sales and expenses, sent by a commission merchant to his principal. It exhibits the quantities and prices of the goods sold and the commission and other charges, and the net proceeds.

Accrued. Interest accumulated and unpaid.

Acknowledge. In commercial correspondence, the term by which the receipt of a letter, remittance or order is admitted.

Acknowledgment. A formal admission made before an officer that the act described was voluntarily done. The officer's certificate of the admission is also called an acknowledgment.

Adjust. To put in order; to bring to a satisfactory stage, so that parties can agree in the result.

Administrator. One who is appointed by the court to settle an estate.

Ad Valorem. According to value; a custom-house term, relating to the estimating of duties upon the value of imported goods.

Advance. Addition to price; rise in price; money paid before goods are delivered; a payment made by a consignee to his consignor before his assignment has been sold.

Adventure. A speculation of any kind, commercial, financial, or mining; a venture; specifically, a venture or speculation in goods sent abroad or sent to be sold on commission.

Advice. Notice of a bill drawn; mercantile information.

Affidavit. A written declaration under oath.

Agent. One who is acting in behalf of another.

Allow. To concede; to rebate or deduct; to make abatement.

Allowance. A deduction.

Amount. The sum total; aggregate; gross amount; total without reduction. Net amount is the total less deduction.

Annuity. A periodical payment of money, amounting to a fixed sum in each year, the money so paid being either a gift or a consideration of a gross sum received.

Annul. To make void.

Antedate. To date earlier than the real time.

Anticipate. To pay before due.

Appraise. To value in current money; officially set a price upon.

Appraisement. The act of setting a value upon goods or other property.

Arbitration. The adjustment of a disputed point by a person or persons chosen by the parties in dispute.

Assessment. The sum appropriated to be paid.

Assets. The term commonly used in trade to designate the funds, property or effects; that is, the stock in trade, cash and all available property of a merchant, in contradistinction to his liabilities or obligations.

Assign. To transfer or make over to another all right one has in any object; as, in an estate, especially in trust for the security of creditors.

Assignee. A person to whom a transfer of some right or interest is made.

Assignor. One who makes an assignment.

Association. An organized union of persons for a common purpose; a partnership.

Assume. To take upon one's self; to promise to pay money or perform other specified service.

Attach. To take by legal process.

Attachment. A warrant for the purpose of seizing a man's property.

Audit. To examine and verify by reference to vouchers.

Auditor. An officer appointed by the government, state, or any corporation, to examine claims upon the treasury, and to investigate the treasurer's account.

Auxiliary. Applied to various account books that are kept as aids to the principal books.

Average. An assessment on a vessel or cargo to meet losses at sea.

B.

Balance. The amount necessary to close an account; an equilibrium of debits and credits.

Balance of Trade. The difference between the value of the commercial imports and exports of any country.

Bank. An incorporated institution which deals in money.

Bankable. Receivable as cash by a bank; as, bank-notes, checks, or other security for money.

Bank Account. The amount a concern has on deposit in a bank.

Bank Book. A pass-book carried by a depositor, in which the teller of a bank records deposits, and in which the bookkeeper enters the paid checks at stated intervals.

Bank Bill or Note. Promissory notes printed by the government and issued by a national bank, payable on demand, and used as money.

Bankrupt. One who is unable to pay his debts, and who fails in business.

Bankruptcy. The state of being bankrupt or insolvent.

Bill. A statement in writing, as a list of items bought or sold, or of service rendered. The common term applied to a note or draft.

Bill-head. A printed form used by a concern for its bills of goods sold.

Bill of Entry. A written statement of goods entered at the custom-house, whether imported or intended for export.

Bill of Exchange. An order for the payment of money, usually drawn on a person living in a foreign country, the term *draft* being used to designate bills that are payable in the same country in which they are drawn.

Bill of Lading. A written account of goods shipped and the conditions of shipment, having the signature of the carrier's agent, and given to the shipper as a receipt.

Bill of Sale. A paper given by the seller to the buyer, transferring the ownership of personal property.

Board of Trade. An association of business men for the regulation and advancement of commercial interests.

Bond. A writing, under seal, binding a person to fill certain obligations.

Bonded Goods. Goods that are stored in a warehouse or a bonded car, the owner having given bond securing the payment of import duties or of internal revenue upon their removal, or their arrival at some inland city or country, and before a specified time.

Bonded Warehouse. A government warehouse in which bonded goods are stored until the duties are paid.

Bonus. Premium given on a loan or money favor granted.

Brand. A trade-mark; a particular kind of goods.

Broker. An agent who effects sales or purchases, or who makes loans and contracts for another; also a term applied to one who deals in stocks. A broker does not generally have possession of the property which he sells or buys as agent.

Brokerage. The percentage paid to a broker for negotiating any business.

Bullion. Uncoined gold or silver.

Business. Exchange of commodities and of commercial values; also a term representing one's occupation.

C.

Capital. The investment in business; the net assets.

Cargo. The freight of a vessel.

Cash. Money on hand or at command.

Cash Book. A book in which is kept a register of money received and paid.

Cash Sales. Sales made for ready money, in distinction from sales made on credit.

Cashier. One who has charge of the cash.

Certificate. A written voucher attesting to some fact.

Certified Check. A check which has been certified or accepted by the bank on which it is drawn, making the bank responsible for its payment.

Charge. To place upon the debtor side of an account; to register a debt.

Charter. A paper from government defining the rights and privileges of a corporation; to hire or let an instrument of transportation.

Chattel. Any kind of property except real estate.

Chattel Mortgage. A mortgage of personal property.

Check. An order on a bank drawn by a depositor.

Clearance. A certificate coming from a custom-house, granting a vessel permission to sail.

Clearing-house. The place where banks make exchange of drafts and checks, and settle balances.

Codicil. A supplement to a will.

Coin. A piece of metal impressed with the government stamp, and used as a medium of exchange.

Collaterals. Stocks, bonds, notes, or other value; pledges of security when money is borrowed.

Commerce. A general term for the business of exchanging commodities.

Commercial Paper. Bills of exchange, drafts and notes given in the course of trade.

Commission. A percentage given for the sale or purchase of goods, or the transaction of other business.

Commodity. A term relating to everything movable that is bought and sold.

Common Carrier. Railroads and other means of transportation carrying on a regular business, and in the equitable and judicious management of which the public has a common interest.

Common Law. Law based upon the precedent of usage; not contained in the statutes enacted by legislative bodies.

Compact. An agreement or contract between parties.

Company. An association of persons for business purposes; a term used in a firm name to denote partners whose names are not given.

Compound or Compromise. To settle a claim by paying or receiving only a part of the amount; a settlement based upon mutual concessions.

Consideration. The material cause of a contract.

Consign. To send goods to another to be sold for the shipper.

Consignee. One to whom goods are sent.

Consignment. Goods consigned.

Consignor. One who sends or consigns goods.

Consul. An agent for a government, residing in a foreign country, and guarding the interests of his own country.

Contra. On the opposite side.

Contract. An agreement based on a consideration.

Copartnership. The union of two or more persons for the transaction of business.

Copyright. The right granted by a government to an author to control the publication of any of his works.

Corporation. A body authorized by law to act as an individual.

Counter-entry. An entry made to balance one on the other side.

Counterfeit. Spurious money; a forgery.

Countermand. To revoke a former order.

Counting-room. A room in which merchants keep their accounts and transact business.

Coupon. An interest note or a certificate attached to a bond, which is cut off from the bond and collected when due.

Credit. Trust given to a debtor; mercantile reputation entitling one to be trusted; the side of an account on which we enter all values received from the party represented by the title.

Creditor. One giving credit; one whom we owe.

Currency. Paper money as distinguished from coin; in a broader sense, the entire volume of money in circulation.

Custom-house. A government place where imported goods are entered and duties collected.

Customs. Taxes or duties levied by government upon goods imported or exported.

D.

Day Book. The book which contains the daily record of a concern's business transactions, recorded in the order of their occurrence.

Days of Grace. An extension of time, usually three days, after an obligation becomes due. The maker of a note, or the acceptor of a draft, has until the third day, after and exclusive of the day expressed,

in which to make payment, except when the third day of grace falls upon Sunday or a legal holiday, in which case the note must be paid on the second day of grace. If a Sunday and a legal holiday follow one immediately after the other, the note must be paid on the first day of grace. If the words, "no grace," or "without grace," are inserted in a draft, it is due at the end of the specified time. "Demand" notes are not entitled to days of grace.

Debit. An entry on the debtor side of an account, or the expression of the condition of being debtor.

Debt. An amount due from one to another.

Debtor. One who owes a debt.

Deed. A written contract under seal, usually transferring the ownership of real estate.

Defalcation. Deduction or discount; embezzlement of money by an officer having it in charge.

Defaulter. One who fails to account for money and property intrusted to him.

Delivery. The passing of money or goods to another.

Deposit. To commit to the care of; especially, to place money in bank subject to order.

Depository. Place of deposit.

Deputy. A person appointed to act for another.

Diplomacy. The art of conducting negotiations with foreign governments.

Discount. An allowance for a payment of a debt before it is due; a sum prepaid as interest for the advance of money; to buy a note or account for less than its full amount.

Dishonor. A failure to pay an obligation when due; a failure to accept a draft when presented for acceptance.

Dividend. The portion allotted to each stockholder in the division of profits.

Donor. One who bestows a gift.

Dormant. Referring to a partner who takes no share in the public management of a business, hence, not named in the firm, but who shares in the losses and gains.

Dower. The right of a widow to a life interest in one-third of all the real estate owned by her husband at any time after their marriage.

Draft. An order on an individual or a firm for the payment of money.

Drawee. One to whom the draft is directed.

Drawer. The party drawing the draft and ordering payment.

Due-bill. A brief, written acknowledgment of a debt, having the effect of a promissory note.

Dunning. Soliciting payment for a debt, or the urgent pressing of the payment of a debt.

Duplicate. An exact copy of anything.

Duress. Personal restraint, or fear of personal injury.

Duties. Taxes levied by the government on imports, and sometimes on exports.

E.

Earnest. Part of purchase-money paid, or part of goods delivered to bind a verbal contract.

Effects. All values belonging to the concern.

Embargo. A government order prohibiting ships from sailing from any port.

Embarrassment. Perplexity arising from inability to pay a debt.

Embezzlement. A fraudulent appropriation of money intrusted to one's care.

Emporium. A commercial center.

Endorse or Indorse. To write one's name on the back of a commercial paper; to receipt a partial payment on the back of a note or bill.

Engross. To copy in manuscript.

Entry. The record of a business transaction in an account book.

Entry Clerk. A clerk who records sales.

Equation. The process of equalizing or averaging.

Equity. The science of right and justice, which often corrects the application of law in a particular case.

Equity of Redemption. A privilege allowed to a mortgagor of a reasonable time to redeem mortgaged property.

Errors Excepted. A phrase inserted as a proviso that the person who renders a statement may have the power of correcting any mistake that he may have committed.

Exchange. The giving of one value for another; the process of remitting money values by means of bills and drafts; the discount or premium arising from the purchase or sale of different classes of paper.

Excise. A tax levied on commodities produced within a country.

Execution. A written direction given to an officer authorizing him to enforce a judgment; the act of signing and sealing a legal instrument.

Executor. One appointed by will to settle the estate of a person deceased.

Exports. Goods sent out of a country.

Extend. As applied to accounts, to extend is to write the figures in the money columns. An amount is entered "short" when it is placed at the left of the money columns.

Extension. An allowance of further time for the payment of a debt.

F.

Face. The amount for which a note, draft or other commercial paper is written.

Factor. An agent to whom goods are consigned for sale.

Facsimile. An exact copy.

Failure. The act of becoming insolvent.

False Pretenses. Statements made with a fraudulent design to obtain goods on credit, or money.

Favor. A note, draft, or check is drawn in favor of the party to whom it is made payable.

Finance. The revenue of a state; public money.

Financier. One who collects or manages the finances; one who has skill in money matters; pecuniary management.

Firm. The designated title of a copartnership.

First-class. Best quality.

First-hand. Obtained directly from the manufacturer.

Fiscal. Pertaining to the public treasury or revenue; as, the fiscal year, meaning a financial year as reckoned by the department of finance.

Fixtures. The furniture of a store or office which is not movable.

Flat. A term signifying that stock is sold without reference to accumulated interest; low in price; dull as to sales.

Folio. A page in an account book; a book composed of sheets folded once.

Footing. The amount of a column of figures.

Forced Sale. A sale under compulsion, usually by auction.

Foreclose. Applied to a mortgage, and means to deprive a mortgagor of the equity of redemption.

Foreclosure. A process by which the mortgaged property is sold by the mortgagee in order to pay the debt secured.

Forgery. Altering commercial paper with fraudulent intent; making or passing a false note, draft or check.

Fraud. Deception practiced for the purpose of gaining an unfair advantage.

Free on Board. The price at which goods are sold free of all shipping expenses.

Free Trade. A free interchange of commodities between two countries; trade not regulated by duties.

Freight. Sum paid for transportation of goods; goods carried by water or by land.

Full Extend. To extend figures into the money columns.

Fund. A sum of money set aside for a special purpose.

Funded. A permanent loan on which an annual interest is paid.

Funds. Money; wealth; capital.

G.

Gain. Profit; increase in wealth.

Gauging. The process of measuring the contents, as, of a cask or other vessel, to ascertain its capacity.

Gold and Silver Certificates. Certificates issued by the U. S. government, circulating as money, on the security of gold belonging to or deposited with the government, or of silver belonging to itself.

Goods. All kinds of merchandise.

Good Will. The reputation and influence of a person or firm doing business.

Grace. See "Days of Grace."

Greenbacks. U. S. notes as distinguished from national bank notes.

Gross Weight. Weight of merchandise, including the case or wrapping.

Guarantee. A promise to answer for the payment of debt.

Guaranty. A security for the performance of a contract, in case the party making the contract fails to make it good. A security against loss.

H.

Honor. To accept a draft, and to pay it when due.

House. Another term for firm.

Hypothecate. To pledge as security in order to raise money.

I.

Import. To bring from a foreign country.

Impost. A tax levied upon imported goods.

Indemnify. To make good for injury or loss.

Indemnity. Insurance; a guaranty against loss or damage.

Indenture. A mutual agreement in writing between two parties.

Index. An alphabetic list of accounts.

Indorse. See "Endorse."

Indulgence. Extension of time of payment.

Infringement. To trespass upon the rights of another, especially when granted some special right by law, such as a copyright, a patent, or a trade-mark.

Injunction. A judicial process by which a party is required to do or to refrain from doing a certain act.

I. O. U. I owe you.

Insolvent. Unable to pay one's debts; one who is insolvent.

Installment. Part of a sum paid or to be paid.

Instant. Referring to the present month.

Insurance. A contract by which one engages for a stipulated consideration or premium per cent. to make up a loss which another may sustain.

Internal Revenue. That part of our government revenue which is collected as internal duties and taxes.

Interest. A share in business or in its profits; a cause for the payment or receipt of money; literally, the use of money.

Intestate. Dying without leaving a will.

Inventory. A list of unsold property, showing its quantity and value, or of goods in a store.

Investment. The laying out of money in the purchase of property.

Invoice. A detailed list of goods bought, which is sent by the seller to the buyer.

Involved. Embarrassed by debts.

J.

Jetsam or Jettison. Allowance for goods thrown overboard in a storm to lighten a ship; also the goods thrown overboard.

Jobber. One who buys goods from the importers and manufacturers and sells to country and other merchants and to retailers.

Job Lot. A miscellaneous assortment of goods, to be sold for a lump sum and at a low price.

Joint Stock. Property held in common by a company of men, each of whom is called a stockholder.

Journal. A book used to prepare entries for the Ledger.

Journalizing. Entering records in the Journal.

Judgment. The decree of a court enforcing a contract or redressing a wrong.

K.

Kiting. The exchange of checks on different banks, that time may be gained, and the use of money without paying interest. It is a dishonest practice.

L.

Larceny. The taking of personal property unlawfully.

Lease. An instrument of conveyance of property for a limited time, upon rental.

Ledger. The book of accounts to which all of the records are finally carried.

Legacy. A gift of property by will.

Legal Tender. That which the government has declared shall be received in payment of ordinary debts. Any form of money.

Letter of Advice. A letter of information concerning a shipment of goods or the drawing of a draft.

Letter of Credit. A letter, usually addressed to banking houses in foreign cities, authorizing the holder to receive credit for a stated amount.

Liability. The pecuniary obligations of a merchant, which includes his bills payable and all his other debts.

License. A legal permit to do a certain thing.

Lien. The right of holding or detaining the property of another until some legal claim can be satisfied.

Limited. A part of a title, that signifies that each partner is only liable for the amount of his investment.

Liquidate. To pay or settle a claim.

Loan. To lend to another for temporary use.

Loss. A decrease in wealth.

Lucre. A profit in money or goods; profit; riches.

M.

Maker. The signer of a note.

Manifest. A list of articles in a vessel's cargo.

Maturity. The date when a commercial paper expires, or becomes due.

Merchandise. That which is bought and sold in the course of trade.

Mercantile Agency. A concern which procures information relating to the financial standing and credit of merchants for the use of others, to whom said merchants may apply for credit.

Mercantile Paper. Notes and drafts.

Merchandise Broker. One who buys or sells merchandise on a commission but does not keep a store or goods; a middleman between buyer and seller.

Mint. The place established by the government where money is coined.

Monetary. Pertaining to money.

Money. Any coin or currency lawfully employed as a representative of value in buying or selling.

Monopoly. The sole right to make or sell a certain article. The exclusive control of anything.

Mortgage. The written pledge of real estate or chattels to secure the payment of a debt.

Mortgagee. The one to whom the mortgage is payable.

Mortgagor. The one who gives a payment.

N.

National Bank. Established in the United States by an act of Congress, for the purpose of unifying the currency.

Negotiable. A term applied to commercial paper that may be transferred by indorsement or simply by delivery.

Negotiate. To transact business, or treat with another.

Net. Clear of all deduction; the exact weight or amount after all deductions are counted out.

Net Proceeds. The proceeds of a sale after all expenses are deducted.

Nominal. Existing in name only.

Notary and Notary Public. An officer who acknowledges deeds and other commercial papers, and protests paper for non-acceptance and non-payment.

Note. A written or printed promise to pay, without seal.

O.

Obligation. That which legally binds a party to perform a duty.

On Account or On Credit. Buying or selling goods to be paid for at a future day.

Open Account. A running account on a merchant's book, of debits or credits, with an individual or firm.

Open Policy. One intended to cover all goods shipped by a certain person within a specified time; each special shipment and the amounts of insurance to be indorsed upon the policy, as the shipments are made.

Outlawed. A term applied to a debt which has run beyond the time when the law will enforce its payment.

Outstanding. Referring to debts or liabilities unpaid.

Overcharge. A charge at a higher rate than that agreed upon or than usual rates.

Overdraw. To draw a greater sum than one has to his credit.

Overdue. Remaining unpaid after maturity.

Owe. To be indebted.

P.

Par. Equal in value. Any paper or money is at par when it is worth face value, without premium or discount.

Par of Exchange. Equivalent value of the currency of a country in that of another.

Parol. Oral, not written. Also applied to written contracts not under seal.

Partial Payments. Part payment of a debt.

Partner. An associate in any business or occupation.

Partnership. The association of two or more persons in any one occupation.

Par Value. The nominal value; usually the printed or written value of any paper.

Pass-book. A book in which a dealer enters articles bought on credit. It is usually carried by the purchaser, and is presented for record when the purchase is made. A bank book containing a record of deposits and checks drawn.

Patent. An official document securing to a person, for a term of years, the exclusive right to an invention.

Pawn. A deposit pledge, given as security for a loan. The term only applies to chattels or money and not to real estate.

Pawnbroker. One who lends money on pawns or pledges.

Pay. To discharge a debt or obligation; an equivalent for goods, salary, or wages.

Payee. The one to whom payment is to be made; especially in whose favor a paper is drawn.

Payer. The one who pays or is under obligations to pay.

Personal Property. A term applied to all property not real estate.

Plaintiff. One who brings a personal action in law, against another party, who is called the defendant.

Pledge. The delivery of personal property as security for debt.

Policy. A written contract of insurance.

Postdate. To date later than the real day.

Posting. Transferring dates, pages and amounts from the book of original entry into the Ledger.

Power of Attorney. A written instrument giving an agent authority to act for his principal. An agent thus employed is called an attorney-in-fact.

Preferred Stock. Stock taking preference over the ordinary stock of a corporation. A dividend is declared and paid on preferred stock before any can be declared on common stock.

Premium. The amount paid for insurance; the excess of any value above par.

Price. The value of an article; the amount paid or demanded for any commodity in trade.

Price-current. A regularly established and published list of the market prices of goods.

Prima Facie. At first view. *Prima-facie* evidence is that evidence which is sufficient unless rebutted.

Principal. The one employing an agent to act for him; the sum loaned upon which interest is computed.

Promissory Note. A written promise to pay a certain sum of money unconditionally, at a specified time.

Pro Rata. A proportional distribution.

Protecting. Accepting or paying a draft.

Protective Tariff. Rates of duty fixed higher than the uniform rates on certain imported commodities, for the protection of home manufacturers.

Protest. A formal declaration made by a notary public of the non-payment of a note, or non-payment or non-acceptance of a draft.

Q.

Quarantine. Restraint of intercourse to which a ship, dwelling or town is subjected on account of being infected with some contagious disease.

Quotations. The published prices of merchandise, rates of freight, rates of exchange, etc.

R.

Rate. Established portion or measure; fixed allowance.

Ratify. To sanction or approve; usually applied to a principal's approval of an agent's transactions.

Real Estate. Land, and everything that usually passes with it in a conveyance or sale.

Rebate. An amount deducted from the regular price.

Receipt. A writing acknowledging that goods or money have been received.

Receiver. A person appointed to take charge of the affairs of a corporation on its dissolution, and to distribute its property according to law.

Reciprocity Treaty. A commercial treaty between two nations, securing mutual advantages.

Reclamation. A claim made against the seller of goods which prove deficient or defective; a claim for rebate.

Reconsign. To send a consignment of goods to another market, at request of its consignor.

Refund. To repay or pay back.

Registry. The enrollment of ships at the custom-house.

Remittance. The act of transmitting money values from one place to another. The value sent is called a remittance.

Renewal. Giving a new note in exchange for a like note then due.

Rent. Amount paid for another's premises.

Reprisal. The act of taking ship or property from an enemy in retaliation for "prize" taken by him.

Responsible. Having sufficient property to meet all ordinary obligations.

Resources. Money, property or that which can be converted into property; as, claims against other people, either on verbal or written promise.

Retail. To sell in small quantities.

Retire. Relinquishing or giving up business; also, to take up one's notes by payment or renewal.

Returns. Profits or receipts on business.

Revenue. The income of individual or nation; as applied to a nation, its receipts into the treasury derived from taxes, duties, customs, etc.

Revocation. The recall of authority conferred on another; as, the revocation of an agency.

Right of Way. The right of an individual or corporation to pass over the land belonging to another person.

S.

Sale. The transfer of property from one person to another.

Salvage. An allowance made by law to persons who voluntarily assist in saving a ship or her cargo from peril.

Sample. A specimen; small part of a whole, showing the quality.

Savings Bank. Bank of deposit where interest is allowed on amounts deposited.

Schedule. A paper containing a list or inventory of items.

Seize. To take possession of by process of law.

Seller's Option. A term mostly confined to the sales of stocks, for a sale which gives to the seller the option of delivering the articles sold within a certain time, the buyer paying the interest up to delivery.

Set-off. A claim which the debtor or defendant brings to reduce the claim of a creditor or plaintiff.

Set of Exchange. A number of bills (usually three) drawn of same tenor and date. Each bill is forwarded by different conveyance, to lessen the risk of failure in delivery, and any one of them being paid leaves the others of no value.

Settle. To adjust or close up an account.

Shipment. Merchandise shipped; the act of transporting merchandise; a term applied to goods shipped to be sold on commission.

Shipper. One who leaves merchandise with another for transportation.

Shipping Clerk. A person who attends to the shipping of goods.

Short. Deficient; wanting ready money.

Short Extend. To extend figures to the immediate left of the money column.

Shrinkage. A decrease in value.

Sight. Time of presenting a draft for acceptance.

Sight-draft. A draft payable at sight; that is, on presentation to the drawee.

Signature. The name of a person written with his own hand.

Silent Partner. One who shares in the profits of the business, but whose name does not appear in the firm name, and who takes no active part in the business.

Sinking Fund. A fund set aside for the redemption of debts.

Sine Die. Without fixing a day.

Sine qua non. An indispensable condition.

Smuggling. Passing goods into a country clandestinely, to avoid paying duties.

Solvent. Able to pay one's liabilities.

Specie. Gold, silver or other coin used as circulating medium.

Speculation. Buying goods or lands in expectation of some future rise in price.

Staples. Principal articles of produce or manufacture; articles commonly used.

Statement. A list of resources, liabilities, etc.; a list of particulars.

Statistics. A systematic statement of facts concerning any department or thing.

Statute. A law enacted by a legislature.

Stipulation. That which is stated or agreed upon.

Stock. Raw material from which anything is made; goods in store and kept for sale; funds employed in business.

Stock Exchange. An incorporated body of brokers who buy and sell stocks, bonds, and other values.

Stockholder. One who owns shares of the capital stock of a corporation.

Storage. Charges for keeping goods in a warehouse.

Sue. To bring action against one in law.

Sundries. Several things.

Surety. One who signs the bond of an executor of a will or administrator of an estate, or bonds or notes of any kind, for the purpose of guaranteeing the faithful performance of his duties.

Suspend. To stop payment; to stop work or business.

Suspense Account. An account employed to contain balances of personal accounts, which may be considered doubtful.

Syndicate. A number of capitalists who unite together to dispose of a large loan, or to conduct some great financial enterprise.

T.

Tacit. That which is understood or implied.

Tare. An allowance made for the weight of boxes, barrels or wrappings which contain merchandise.

Tariff. A table of duties fixed by the national law to be paid on merchandise imported or exported.

Tax. A rate or amount imposed on persons or property for public purposes.

Teller. An officer of a bank who receives or pays money.

Tender. The offer of payment or satisfaction of a demand; usually the offer of legal money, called a legal tender, for the payment of a debt.

Terms. The conditions of a sale as to time and kind of payment.

Testator. A person who has made a will.

Tickler. A book containing memoranda of notes and debts, arranged in the order of their maturity.

Time Draft. A draft made payable at a specified time.

Tonnage. The capacity of a vessel as measured by the weight of goods it will carry.

Trade. A company of persons engaged in the same occupation; to exchange commodities.

Trade Discount. A discount or series of discounts from list prices, made to dealers, or because of a change in prices.

Trade-mark. A distinguishing mark used by a manufacturer on his goods to distinguish them from imitations.

Transact. To perform, as an act of business.

Transfer. To carry one account to another; a legal conveyance of value; to carry goods from one place to another.

Treasury. A place where public money is kept.

Treasury Notes. Notes issued directly by the government, and legal tender for all bills.

Trust. The holding of property by one for the benefit of another; to give credit.

Trustee. A person to whom property is legally intrusted.

U.

Ultimo. The last month preceding the present.

Unclaimed Goods. Merchandise remaining in the government stores for three years after importation, or upon which duty has not been paid as prescribed by law.

Uncurrent. A term applied to money that does not pass in common payment.

Underwriter. One who insures; so called from writing his name under the conditions of the policy.

Usance. The time which by custom is allowed for the payment of a bill of exchange.

Usury. Interest in excess of the highest rate allowed by law.

V.

Valid. A term applied to a contract that is properly executed; that is, legal or binding.

Valuation. The estimated worth of anything.

Value. The money measurement or financial estimate of a thing.

Value Received. A phrase of formality used in notes and drafts to indicate that a consideration has been given.

Venture. A risk; speculation.

Verdict. The decision of a judge or jury.

Void. Having no binding force.

Voidable. Capable of being avoided or confirmed, as the party chooses.

Voucher. A document or paper proving that some transaction occurred; as, a receipt or a canceled note is a voucher of the payment of a debt.

W.

Wages. Compensation for service.

Warehouse. A place to store goods.

Wares. Goods; merchandise.

Warrant. To insure against defects; authority given to an officer to arrest a person; a writing authorizing the holder to receive money.

Warranty. An agreement to become responsible, if certain facts do not turn out as represented.

Way-bill. A paper containing a list and description of goods sent by railroad or other common carrier.

Watered Stock. Stock that has been inflated by distributing among the shareholders extra shares for which no payment is required.

Wharfage. Money paid for the use of a wharf.

Wholesale. To sell goods in quantity; usually in unbroken or whole packages.

Without Recourse. Not liable as an indorser if written over an indorser's signature or on the back of a commercial paper.

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